

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

BYD COMPANY LTD.,

Plaintiff,

v.

VICE MEDIA LLC

Defendant.

Case No.

COMPLAINT

JURY TRIAL DEMANDED

Plaintiff BYD Company Ltd. (“BYD”) alleges:

SUMMARY OF THE CASE

1. This is an action for defamation against VICE Media, which published at least two grossly defamatory statements of and concerning BYD that have caused substantial harm.

2. BYD (an acronym for “Build Your Dreams”), is a publicly-traded corporation based in China. BYD is one of the world’s largest producers and suppliers of electric vehicles including electric cars, buses, trucks and forklifts, as well as solar panels, lithium batteries, and protective masks and equipment, among many other innovative, important and useful products. Warren Buffet’s company, Berkshire Hathaway, is a major investor in BYD. BYD recently won a contract to supply the State of California with \$1 billion worth of masks to protect its nurses, doctors, caregivers, first responders and other frontline personnel during and after the COVID-19 global pandemic.

3. Before the events that gave rise to this litigation, BYD enjoyed a very good reputation as a reliable supplier of quality products in the global marketplace.

4. On or about April 11, 2020, VICE Media published an article on its website at *vice.com* (the “Article”) falsely claiming that BYD was implicated in one of the most publicized and brutal human rights violations of modern times, the Chinese government’s treatment of the Uyghur minority in Eastern China. VICE Media falsely claimed that BYD was “using forced Uyghur labor in its supply chain”.¹ As explained herein, VICE Media made these false statements with reckless disregard for the truth.

5. VICE Media’s claim was based on a single named source: a report by an obscure Australian activist group called the Australian Strategic Policy Institute (“ASPI”), that has been repeatedly criticized publicly for making false statements of fact, with an anti-Chinese bias. (ASPI’s report is referred to herein as the “ASPI Report”).

6. Even worse than simply relying wholesale on a single, unreliable source for such an inflammatory and explosive allegation, VICE Media did not even accurately describe the contents of the ASPI Report. The ASPI Report does not even state that BYD “us[ed] forced Uyghur labor in its supply chain”, as the Article claims. Rather, the ASPI Report merely says that BYD did business with a company which owned a subsidiary that (allegedly) had used Uyghur forced labor. The ASPI Report does not even say that the subsidiary of the third party company ever produced any products or raw materials for BYD, or that the subsidiary was even part of BYD’s supply chain.

7. VICE Media published the false statements about BYD knowing that they were not supported by the ASPI Report, nor any reliable source. VICE Media made these statements for the purpose of causing tremendous reputational and economic harm to BYD, and to financially enrich VICE Media by driving traffic to its website through its reporting of an alleged

¹ VICE Media spells “Uyghur” with an “i” instead of a “y”.

scandal. Yet here, the only scandal is VICE Media's knowingly false reporting, which has misled its readers and the public worldwide, and caused tremendous foreseeable harm to BYD.

8. The Article also contains a second blatantly defamatory statement: that President Trump "blacklisted" BYD from selling its electric buses in the United States. Indeed, the headline of the Article at issue reads: "Trump blacklisted this Chinese company".

9. A "blacklist" is defined by the Oxford English dictionary as "a list of people or things that are regarded as unacceptable or untrustworthy and should be excluded or avoided." In other words, VICE Media claimed that BYD's name had been included onto some sort of list maintained by President Trump of companies that would not be permitted to sell electric buses to the United States, because of their prior bad behavior. This allegation by VICE Media is completely false.

10. In fact, there was and is no such "blacklist"—and VICE Media was fully aware of this fact at the time it published the Article. What actually occurred is that members of the United States Congress (not President Trump) determined that an entirely separate Chinese company: China Railway Rolling Stock Corporation, a state-owned entity, was using its public subsidies to undercut other producers of transit vehicles and unfairly compete in the market. Accordingly, both houses of the U.S. Congress passed, and President Trump signed, language in an omnibus defense authorization bill that prohibited future federal funds from being used to purchase transit vehicles from Chinese companies. This ban was not connected to any allegation of wrongdoing on the part of BYD, did not create any sort of blacklist, and was the product of Congressional legislation, not any action on the part of President Trump to single out bad actors.

11. VICE Media was well-aware that President Trump did not blacklist BYD at the time it published the Article, and that the federal legislation did not single out any companies, but rather applied to the entire Chinese transit car manufacturing industry.

12. The defamatory statements in the Article have caused, and will continue to cause, extraordinary damage to BYD. Potential business deals already have been delayed, obstructed and/or terminated based directly on the false allegations in the Article. VICE Media must be held accountable for the harm it has foreseeably caused BYD by its defamatory statements made with actual malice.

PARTIES

13. BYD is a corporation incorporated under the laws of the People's Republic of China, with its principal place of business in Shenzhen, China.

14. On information and belief, VICE Media LLC ("VICE Media") is a limited liability company organized under the laws of Delaware, with its principal place of business in New York, New York.

JURISDICTION AND VENUE

15. This Court has subject matter jurisdiction under 28 U.S.C. § 1332, because there is complete diversity between the parties and an amount in controversy over \$75,000, and personal jurisdiction because VICE Media resides in the state of New York.

16. Venue is proper under 28 U.S.C. § 1391(b)(1) and (2), because VICE Media is located in this district and because the Article upon which this defamation action is based was edited and published in this district.

FACTUAL ALLEGATIONS

17. BYD is a publicly traded company in China which produces and distributes a wide variety of consumer and commercial goods and equipment.

18. Prior to the facts alleged herein, BYD enjoyed a very good reputation in the marketplace. BYD is associated with several "green" businesses. Among other things, BYD is one of the world's largest manufacturers and suppliers of electric vehicles including electric cars,

trucks, buses and forklifts, and also manufactures innovative solar panels and lithium batteries. BYD, through a subsidiary, also manufactures and supplies protective masks and personal protective equipment, and is playing a key role in the world's response to the COVID-19 global pandemic.

19. On information and belief, ASPI is a non-governmental organization based in Australia which issues reports relating to China, with a perspective that is biased and discriminatory against China and Chinese businesses.

20. ASPI has been extensively and publicly criticized for its work. The Wikipedia page for ASPI contains a section devoted to criticism of the organization, including an allegation that its report on a digital identity system had numerous factual errors.

21. Critics have claimed that ASPI has an anti-China agenda and seeks to foment a new Cold War with China.

22. ASPI receives funding from strategic rivals of the Chinese government.

23. On or about March 1, 2020, ASPI published the ASPI Report, which was entitled *Uyghurs for Sale: 'Re-education', forced labour and surveillance beyond Xinjiang*. A true copy of the ASPI Report is attached hereto as **Exhibit A**.

24. The ASPI Report contains a disclaimer prior to the body of the text, stating: "No person should rely on the contents of this publication without first obtaining advice from a qualified professional."

25. The ASPI Report contains only three mentions of BYD; most of its text concerns allegations relating to other companies, such as Nike.

26. The first two mentions of BYD in the ASPI Report are exactly the same, and mention BYD as part of a list of companies that purportedly are "directly or indirectly benefiting from the use of Uyghur workers outside Xinjiang through potentially abusive labour transfer

programs as recently as 2019”. No further explanatory text is provided.

27. The only other mention of BYD in the ASPI Report alleges that a company named Dongguan Yidong Electronic Co. Ltd. (“Dongguan”) supplies “directly” to BYD. The ASPI Report further alleges that a subsidiary of Dongguan, the Hubei Yihong Precision Manufacturing Co. Ltd. (“Hubei”), employed 105 Uyghur workers who were transferred to Hubei, presumably by the Chinese government. There is **no** allegation in the ASPI Report that any of the 105 Uyghur workers who supposedly worked for Hubei ever worked on any aspect of BYD’s supply chain or that BYD had any relationship whatsoever with Hubei.

28. On or about April 11, 2020, VICE Media published the Article, bearing the headline: *Trump Blacklisted This Chinese Company. Now It’s Making Coronavirus Masks for U.S. Hospitals*, at its website located at *vice.com*. A true copy of the Article is attached hereto as **Exhibit B**.

29. The claim in the headline that President Trump “blacklisted” BYD is false. In fact, both houses of the U.S. Congress passed a law intended to prevent an entirely separate Chinese company: China Railway Rolling Stock Corporation, a state-owned entity, from undercutting competitors in the production of transit cars and buses, by prohibiting **any** companies based in China from receiving federal funds. It was an action by Congress, not President Trump, and it was not a “blacklist”. The Article’s headline and story text carried the defamatory implication that BYD was singled out by President Trump because of some sort of wrongful conduct, when in fact, a blanket ban of all Chinese transit vehicle manufacturing businesses was enacted, and that ban had nothing to do with any alleged wrongful conduct of BYD.

30. The claim in the Article that “BYD was one of companies identified in the report as using forced Uighur labor in its supply chain,” is also completely false and highly defamatory.

BYD does not use any forced Uyghur labor in its supply chain. Moreover, the ASPI Report, upon which VICE Media relies as its sole source for this explosive and incredibly harmful allegation, does not even claim that BYD used any forced Uyghur labor in its supply chain.

31. VICE Media published the defamatory statements with actual malice. Prior to publication, VICE Media **knew** that there was no “blacklist”, and **knew** that the contents of the ASPI Report did not support its claim regarding BYD’s alleged use of forced labor in its supply chain. VICE Media did not rely on any other source to support its claim regarding forced labor, and recklessly disregarded the fact that ASPI was an unreliable source for any such claim, especially when used as the sole source for such an explosive allegation which foreseeably would cause tremendous reputational and economic harm to BYD.

32. The Article has caused substantial damage to BYD’s business reputation and business dealings, and will continue to do so. Several third parties have already raised the defamatory statements in the Article as a reason to delay or terminate contemplated business transactions with BYD.

33. On April 13, 2020, BYD requested, in writing, a retraction of VICE Media’s defamatory statements. By letter dated April 20, 2020, VICE Media refused to retract.

FIRST CAUSE OF ACTION

(Defamation)

34. BYD hereby re-alleges each and every allegation of Paragraphs 1 through 33 of this Complaint as if fully set forth herein.

35. VICE Media published false statements of fact of and concerning BYD, and did so with actual malice.

36. The defamatory statements in the Article have caused actual damage to BYD.

37. The above-referenced published statements constitute egregious conduct

constituting malice. VICE Media's acts were willful and malicious. As such, in addition to compensatory damages and/or presumed damages, BYD demands punitive damages relating to VICE Media's defamatory statements, in an amount to be determined at trial.

38. BYD gave notice of the defamatory statements and sought a retraction; VICE Media responded in writing and expressly refused to retract.

DEMAND FOR JURY TRIAL

Plaintiff demands a trial by jury.

PRAYER FOR RELIEF

WHEREFORE, BYD respectfully requests:

- (a) An award of damages to BYD in an amount to be determined at trial but believed to be in excess of \$75,000;
- (b) An award of punitive damages to BYD in an amount to be determined at trial;
- (c) An order granting permanent injunctive relief enjoining VICE Media from continuing to publish or republish the statements adjudicated to be defamatory; and
- (d) An award of such other and further relief as the Court may deem just and proper.

Dated: April 27, 2020

Respectfully submitted,

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BYD Company Ltd*

Exhibit A

Uyghurs for sale

‘Re-education’, forced labour and surveillance beyond Xinjiang

Vicky Xiuzhong Xu

with Danielle Cave, Dr James Leibold, Kelsey Munro, Nathan Ruser



About the authors

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What is ASPI?

The Australian Strategic Policy Institute was formed in 2001 as an independent, non-partisan think tank. Its core aim is to provide the Australian Government with fresh ideas on Australia's defence, security and strategic policy choices. ASPI is responsible for informing the public on a range of strategic issues, generating new thinking for government and harnessing strategic thinking internationally.

ASPI International Cyber Policy Centre

ASPI's International Cyber Policy Centre (ICPC) is a leading voice in global debates on cyber and emerging technologies and their impact on broader strategic policy. The ICPC informs public debate and supports sound public policy by producing original empirical research, bringing together researchers with diverse expertise, often working together in teams. To develop capability in Australia and our region, the ICPC has a capacity building team that conducts workshops, training programs and large-scale exercises both in Australia and overseas for both the public and private sectors. The ICPC enriches the national debate on cyber and strategic policy by running an international visits program that brings leading experts to Australia.

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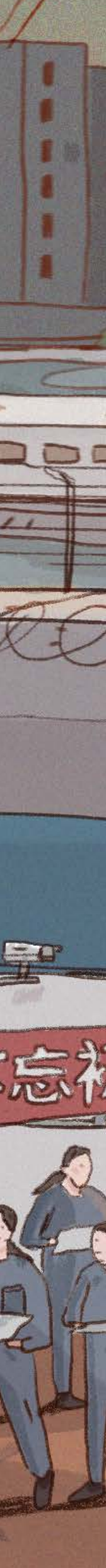
Uyghurs for sale

‘Re-education’, forced labour and surveillance beyond Xinjiang

Vicky Xiuzhong Xu

with Danielle Cave, Dr James Leibold, Kelsey Munro, Nathan Ruser

Policy Brief
Report No. 26/2020



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What's the problem?

The Chinese government has facilitated the mass transfer of Uyghur and other ethnic minority¹ citizens from the far west region of Xinjiang to factories across the country. Under conditions that strongly suggest forced labour, Uyghurs are working in factories that are in the supply chains of at least 83 well-known global brands in the technology, clothing and automotive sectors, including Apple, BMW, Gap, Huawei, Nike, Samsung, Sony and Volkswagen.

This report estimates that more than 80,000 Uyghurs were transferred out of Xinjiang to work in factories across China between 2017 and 2019, and some of them were sent directly from detention camps.² The estimated figure is conservative and the actual figure is likely to be far higher. In factories far away from home, they typically live in segregated dormitories,³ undergo organised Mandarin and ideological training outside working hours,⁴ are subject to constant surveillance, and are forbidden from participating in religious observances.⁵ Numerous sources, including government documents, show that transferred workers are assigned minders and have limited freedom of movement.⁶

China has attracted international condemnation for its network of extrajudicial 're-education camps' in Xinjiang.⁷ This report exposes a new phase in China's social re-engineering campaign targeting minority citizens, revealing new evidence that some factories across China are using forced Uyghur labour under a state-sponsored labour transfer scheme that is tainting the global supply chain.

What's the solution?

The Chinese government should uphold the civic, cultural and labour rights enshrined in China's Constitution and domestic laws, end its extrajudicial detention of Uyghurs and other Muslim minorities in Xinjiang, and ensure that all citizens can freely determine the terms of their own labour and mobility.

Companies using forced Uyghur labour in their supply chains could find themselves in breach of laws which prohibit the importation of goods made with forced labour or mandate disclosure of forced labour supply chain risks.⁸ The companies listed in this report should conduct immediate and thorough human rights due diligence on their factory labour in China, including robust and independent social audits and inspections. It is vital that through this process, affected workers are not exposed to any further harm, including involuntary transfers.

Foreign governments, businesses and civil society groups should identify opportunities to increase pressure on the Chinese government to end the use of Uyghur forced labour and extrajudicial detentions. This should include pressuring the government to ratify the International Labour Organization's (ILO) *Convention on Forced Labour, 1930 (No. 29)* and *Protocol of 2014 to the Forced Labour Convention*.⁹ Consumers and consumer advocacy groups should demand companies that manufacture in China conduct human rights due diligence on their supply chains in order to ensure that they uphold basic human rights and are not complicit in any coercive labour schemes.

Executive summary

Since 2017, more than a million Uyghurs and members of other Turkic Muslim minorities have disappeared into a vast network of ‘re-education camps’ in the far west region of Xinjiang,¹⁰ in what some experts call a systematic, government-led program of cultural genocide.¹¹ Inside the camps, detainees are subjected to political indoctrination, forced to renounce their religion and culture and, in some instances, reportedly subjected to torture.¹² In the name of combating ‘religious extremism’,¹³ Chinese authorities have been actively remoulding the Muslim population in the image of China’s Han ethnic majority.

The ‘re-education’ campaign appears to be entering a new phase, as government officials now claim that all ‘trainees’ have ‘graduated’.¹⁴ There is mounting evidence that many Uyghurs are now being forced to work in factories within Xinjiang.¹⁵ This report reveals that Chinese factories outside Xinjiang are also sourcing Uyghur workers under a revived, exploitative government-led labour transfer scheme.¹⁶ Some factories appear to be using Uyghur workers sent directly from ‘re-education camps’.

The Australian Strategic Policy Institute (ASPI) has identified 27 factories in nine Chinese provinces that are using Uyghur labour transferred from Xinjiang since 2017. Those factories claim to be part of the supply chain of 83 well-known global brands.¹⁷ Between 2017 and 2019, we estimate that at least 80,000 Uyghurs were transferred out of Xinjiang and assigned to factories through labour transfer programs under a central government policy known as ‘Xinjiang Aid’ (援疆).¹⁸

It is extremely difficult for Uyghurs to refuse or escape these work assignments, which are enmeshed with the apparatus of detention and political indoctrination both inside and outside of Xinjiang.¹⁹ In addition to constant surveillance, the threat of arbitrary detention hangs over minority citizens who refuse their government-sponsored work assignments.²⁰

Most strikingly, local governments and private brokers are paid a price per head by the Xinjiang provincial government to organise the labour assignments.²¹ The job transfers are now an integral part of the ‘re-education’ process, which the Chinese government calls ‘vocational training’.²² A local government work report from 2019 reads: ‘For every batch [of workers] that is trained, a batch of employment will be arranged and a batch will be transferred. Those employed need to receive thorough ideological education and remain in their jobs.’²³

This report examines three case studies in which Uyghur workers appear to be employed under forced labour conditions by factories in China that supply major global brands. In the first case study, a factory in eastern China that manufactures shoes for US company Nike is equipped with watchtowers, barbed-wire fences and police guard boxes. The Uyghur workers, unlike their Han counterparts, are reportedly unable to go home for holidays (see page 8). In the second case study of another eastern province factory claiming to supply sportswear multinationals Adidas and Fila, evidence suggests that Uyghur workers were transferred directly from one of Xinjiang’s ‘re-education camps’ (see page 18). In the third case study, we identify several Chinese factories making components for Apple or their suppliers using Uyghur labour. Political indoctrination is a key part of their job assignments (see page 21).

This research report draws on open-source Chinese-language documents, satellite imagery analysis, academic research and on-the-ground media reporting. It analyses the politics and policies behind the new phase of the Chinese government's ongoing repression of Uyghurs and other Muslim minorities. It provides evidence of the exploitation of Uyghur labour and the involvement of foreign and Chinese companies, possibly unknowingly, in human rights abuses.

In all, ASPI's research has identified 83 foreign and Chinese companies directly or indirectly benefiting from the use of Uyghur workers outside Xinjiang through potentially abusive labour transfer programs as recently as 2019: **Abercrombie & Fitch, Acer, Adidas, Alstom, Amazon, Apple, ASUS, BAIC Motor, BMW, Bombardier, Bosch, BYD, Calvin Klein, Candy, Carter's, Cerruti 1881, Changan Automobile, Cisco, CRRC, Dell, Electrolux, Fila, Founder Group, GAC Group (automobiles), Gap, Geely Auto, General Motors, Google, Goertek, H&M, Haier, Hart Schaffner Marx, Hisense, Hitachi, HP, HTC, Huawei, iFlyTek, Jack & Jones, Jaguar, Japan Display Inc., L.L.Bean, Lacoste, Land Rover, Lenovo, LG, Li-Ning, Mayor, Meizu, Mercedes-Benz, MG, Microsoft, Mitsubishi, Mitsumi, Nike, Nintendo, Nokia, The North Face, Oculus, Oppo, Panasonic, Polo Ralph Lauren, Puma, Roewe, SAIC Motor, Samsung, SGMW, Sharp, Siemens, Skechers, Sony, TDK, Tommy Hilfiger, Toshiba, Tsinghua Tongfang, Uniqlo, Victoria's Secret, Vivo, Volkswagen, Xiaomi, Zara, Zegna, ZTE.**

Some brands are linked with multiple factories.

The data is based on published supplier lists, media reports, and the factories' claimed suppliers. ASPI reached out to these 83 brands to confirm their relevant supplier details. Where companies responded before publication, we have included their relevant clarifications in this report. If any company responses are made available after publication of the report, we will address these online.

ASPI notes that a small number of brands advised they have instructed their vendors to terminate their relationships with these suppliers in 2020. Others, including Adidas, Bosch and Panasonic, said they had no direct contractual relationships with the suppliers implicated in the labour schemes, but no brands were able to rule out a link further down their supply chain.

The report includes an appendix that details the factories involved and the brands that appear to have elements of forced Uyghur labour in their supply chains. It also makes specific recommendations for the Chinese government, companies, foreign governments and civil society organisations.

Forced Uyghur labour

The ILO lists 11 indicators of forced labour.²⁴ Relevant indicators in the case of Uyghur workers may include:

- being subjected to intimidation and threats, such as the threat of arbitrary detention, and being monitored by security personnel and digital surveillance tools
- being placed in a position of dependency and vulnerability, such as by threats to family members back in Xinjiang
- having freedom of movement restricted, such as by fenced-in factories and high-tech surveillance
- isolation, such as living in segregated dormitories and being transported in dedicated trains
- abusive working conditions, such as political indoctrination, police guard posts in factories, ‘military-style’ management, and a ban on religious practices
- excessive hours, such as after-work Mandarin language classes and political indoctrination sessions that are part of job assignments.²⁵

Chinese state media claims that participation in labour transfer programs is voluntary, and Chinese officials have denied any commercial use of forced labour from Xinjiang.²⁶ However, Uyghur workers who have been able to leave China and speak out describe the constant fear of being sent back to a detention camp in Xinjiang or even a traditional prison while working at the factories.²⁷

In factories outside Xinjiang, there is evidence that their lives are far from free. Referred to as ‘surplus labour’ (富余劳动力) or ‘poverty-stricken labour’ (贫困劳动力), Uyghur workers are often transported across China in special segregated trains,²⁸ and in most cases are returned home by the same method after their contracts end a year or more later.²⁹

Multiple sources suggest that in factories across China, many Uyghur workers lead a harsh, segregated life under so-called ‘military-style management’ (军事化管理).³⁰ Outside work hours, they attend factory-organised Mandarin language classes, participate in ‘patriotic education’,³¹ and are prevented from practising their religion.³² Every 50 Uyghur workers are assigned one government minder and are monitored by dedicated security personnel.³³ They have little freedom of movement and live in carefully guarded dormitories, isolated from their families and children back in Xinjiang.³⁴ There is also evidence that, at least in some factories, they are paid less than their Han counterparts,³⁵ despite state media claims that they’re paid attractive wages.³⁶

The Chinese authorities and factory bosses manage Uyghur workers by ‘tracking’ them both physically and electronically.³⁷ One provincial government document describes a central database, developed by Xinjiang’s Human Resources and Social Affairs Department and maintained by a team of 100 specialists in Xinjiang, that records the medical, ideological and employment details of each labourer.³⁸

The database incorporates information from social welfare cards that store workers’ personal details. It also extracts information from a WeChat³⁹ group and an unnamed smartphone app that tracks the movements and activities of each worker.⁴⁰

Chinese companies and government officials also pride themselves on being able to alter their Uyghur workers' ideological outlook and transform them into 'modern' citizens, who, they say, become 'more physically attractive'⁴¹ and learn to 'take daily showers'.⁴²

In some cases, local governments in Xinjiang send Chinese Communist Party (CCP) cadres to simultaneously surveil workers' families back home in Xinjiang⁴³— a reminder to workers that any misbehaviour in the factory will have immediate consequences for their loved ones and further evidence that their participation in the program is far from voluntary.

A person with knowledge of a Uyghur labour transfer program in Fujian told Bitter Winter, a religious and human rights NGO, that the workers were all former 're-education camp' detainees and were threatened with further detention if they disobeyed the government's work assignments.⁴⁴ A Uyghur person sent to work in Fujian also told the NGO that police regularly search their dormitories and check their phones for any religious content. If a Quran is found, the owner will be sent back to the 're-education camp' for 3–5 years.⁴⁵

The treatment of Uyghurs described in this report's case studies is in breach of China's Constitution, which prohibits discrimination based on ethnicity or religious belief,⁴⁶ as well as international law.

While we are unable to confirm that all employment transfers from Xinjiang are forced, the cases for which adequate detail has been available showcase highly disturbing coercive labour practices consistent with ILO definitions of forced labour.



Case study 1: Uyghur workers making Nike sneakers in Qingdao

Figure 1: Uyghur workers at Taekwang Shoe Manufacturing waving the Chinese flag, October 2019



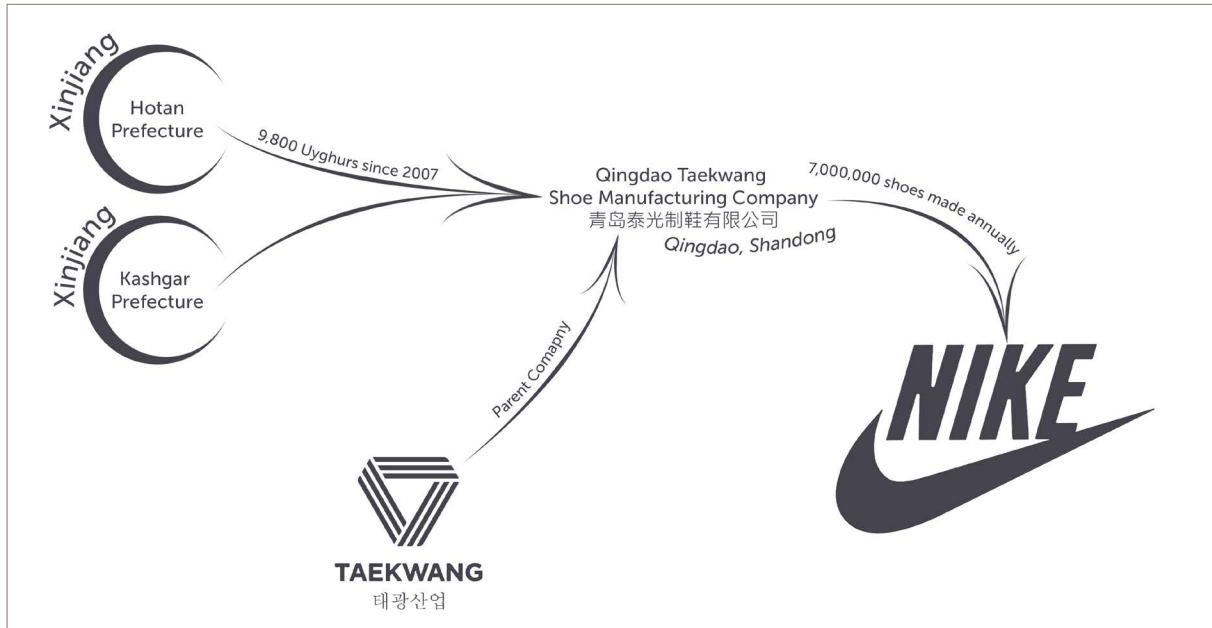
Source: 'Strengthening patriotism education and building a bridge of national unity' (加强爱国主义教育搭建民族团结连心桥), *China Ethnic Religion Net* (中国民族宗教网), 7 November 2019, [online](#).

In January 2020, around 600 ethnic minority workers from Xinjiang were employed at Qingdao Taekwang Shoes Co. Ltd (青岛泰光制鞋有限公司).⁴⁷ Taekwang's primary customer is the American multinational company Nike Incorporated.⁴⁸ The Xinjiang workers are mostly Uyghur women from Hotan and Kashgar prefectures, which are remote parts of southern Xinjiang that the Chinese government has described as 'backward' and 'disturbed by religious extremism'.⁴⁹

At the factory, the Uyghur labourers make Nike shoes during the day. In the evening, they attend a night school where they study Mandarin, sing the Chinese national anthem and receive 'vocational training' and 'patriotic education'.⁵⁰ The curriculum closely mirrors that of Xinjiang's 're-education camps'.⁵¹

The sprawling Taekwang factory compound is located in Laixi City, to the north of Qingdao in China's Shandong province, and is owned by the Taekwang Group, a South Korean chemical and textile conglomerate (*chaebol*). Taekwang's Laixi factory is one of the largest manufacturers of shoes for Nike,⁵² producing more than seven million pairs for the American brand annually.⁵³

Figure 2: Taekwang supply chain



Source: A Laixi government committee press release stated that 9,800 Uyghur workers were transferred to Qingdao Taekwang Shoes in 'more than 60 batches' since 2007. 'Strengthening patriotism education and building a bridge of national unity' (加强爱国主义教育搭建民族团结连心桥), *China Ethnic Religion Net* (中国民族宗教网), 7 November 2019, [online](#).

In June 2019, at the opening ceremony of the Taekwang night school, a government official from the local United Front Work Department⁵⁴ office called on Uyghur workers to strengthen their identification with the state and the nation.⁵⁵ The school is called the 'Pomegranate Seed' Night School (Figure 3), referencing a speech by Chinese President Xi Jinping in which he said 'every ethnic group must tightly bind together like the seeds of a pomegranate.'⁵⁶

Figure 3: Opening ceremony of 'Pomegranate Seed' Night School for ethnic minorities at Taekwang factory, June 2019



Source: 'Municipal United Front Work Department's "Pomegranate Seed" Night School: a look into Qingdao Taekwang's Mandarin classes' (市委统战部'石榴籽'夜校 走进青岛泰光举办普通话培训班), Laixi United Front (莱西统一战线), *WeChat*, 1 July 2019, [online](#).

The *Washington Post* has reported that Uyghurs working at the factory were not allowed to go home for holidays.⁵⁷

The newspaper also reported that Uyghur workers at the factory were sent there by the Xinjiang government, they did not choose to come to Qingdao, and that they were unable to practice their religion.

Photographs of the factory in January 2020 published by the newspaper show that the complex was equipped with watchtowers, razor wire and inward-facing barbed-wire fences. Uyghur workers were free to walk in the streets around the factory compound, but their comings and goings were closely monitored by a police station at the side gate equipped with facial recognition cameras.

The Uyghur workers at the Taekwang factory speak almost no Mandarin, so communication with locals is largely non-existent, according to the newspaper. They eat in a separate canteen or a Muslim restaurant across the road from the factory, where the ‘halal’ signs have been crossed out. They live in buildings next to the factory that are separate quarters from those of the Han workers.⁵⁸

ASPI found evidence that inside the factories, the workers’ ideology and behaviour are closely monitored. At a purpose-built ‘psychological dredging office’ (心理疏导室), Han and Uyghur officials from Taekwang’s local women’s federation conduct ‘heart-to-heart’ talks, provide psychological consulting and assist in the uplifting of the ‘innate quality’ (素质) of the Uyghur workers—in order to aid their integration.⁵⁹ Those offices and roles are also present in Xinjiang’s ‘re-education camps’.⁶⁰

Figure 4: A study room called ‘Home of the Youth’ for ethnic minority workers at the Taekwang factory



Source: ‘Blessed are those who work here in Laixi!’ (在莱西这里上班的人有福了!), In the palm of Laixi (掌上莱西), WeChat, 21 July 2019, [online](#).

Top Chinese government officials see the use and management of ethnic workers at Taekwang as a model worth emulating. Politburo Standing Committee member Wang Yang and China's Minister for Public Security, Zhao Kezhi, sent a commendation memo to the management, according to a local media report in late 2019.⁶¹ From 2017 to 2018, according to official statistics, 4,710 Uyghur workers were transferred from Xinjiang to Shandong (almost double the government's own target).⁶²

The workers are closely monitored by party authorities. Officials from the local offices of the Public Security Bureau and United Front Work Department hold regular meetings with Shandong companies that hire "Uyghurs" to discuss the workers' 'ideological trends and any issues that have emerged'.⁶³ Those agencies also have representatives stationed inside factories like Taekwang to report daily on the 'thoughts' of the Uyghur workers, manage any disputes and guard against spontaneous 'mass instances'.⁶⁴ In 2018, a recruitment notice said that Qingdao was looking for auxiliary police who are fluent in minority languages.⁶⁵ In Xinjiang, auxiliary police officers are responsible for bringing people to detention camps and monitoring them when they are in detention.⁶⁶

Figure 5: A July 2018 'farewell ceremony' before 176 Uyghur workers left Qira county, Xinjiang for Qingdao to work at Taekwang Shoes Co. Ltd and Fulin Electronics Company



Source: 'Qira county organises 176 labourers for stable employment at Shandong enterprises' (策勒县组织176名务工人员赴山东企业稳定就业), Pomegranate Garden (石榴园), WeChat, 5 July 2018, [online](#).

In January 2018, local Hotan media published a 'letter of gratitude' from 130 Uyghur workers at Taekwang to the Hotan Prefecture government.⁶⁷ In the letter, which was written in Mandarin, the Uyghur workers described themselves as being mired in poverty before being sent to Qingdao and express gratitude that they were now able to earn a monthly salary of ¥2,850 (US\$413, above the minimum wage in China).⁶⁸ ASPI could not verify the wages received by the workers or the authenticity of the letter. The letter goes on to say that, since arriving in Qingdao, the workers had learned the dangers of religious extremism and now see a 'beautiful life ahead of them'.⁶⁹

Rendering ‘Xinjiang Aid’ (援疆)

Working arrangements that uproot Uyghurs and place them in factories in eastern and central China are not new. Since the early 2000s, the Chinese government has mobilised wealthier coastal provinces and cities to develop frontier regions such as Xinjiang and Tibet, and actively encouraged the movement of workers in the name of promoting ‘inter-ethnic fusion’ (民族交融) and ‘poverty alleviation’ (扶贫).⁷⁰

Uyghur workers’ participation in those programs is rarely voluntary. Even in the 2000s, well before the ‘re-education camp’ system was created, working and living conditions for transferred Uyghur workers were often exploitative, if not abusive.⁷¹ Rights groups criticised the programs as coercive, highlighting how they intentionally removed Uyghurs from their homes and traditional way of life, only to force the workers to endure the long working hours, poor conditions, predatory bosses and discriminatory attitudes of their Han co-workers.⁷²

Concerned factory bosses significantly reduced the use of Uyghur labour after violent clashes between Han and Uyghur workers in a Guangdong factory led to a deadly riot in Xinjiang’s regional capital of Urumqi in July 2009.⁷³

In response to the unrest, the Chinese government began holding regular national ‘Xinjiang Aid’ conferences in 2010.⁷⁴ Financial subsidies and political inducements were offered to mobilise wealthier provinces and cities to pair up with cities and prefectures in Xinjiang in order to ‘aid’ the region’s development and stability.⁷⁵

Provinces have since been encouraged to contribute to the aid scheme in various ways: “‘medical Xinjiang Aid’ (医疗援疆), ‘technology Xinjiang Aid’ (科技援疆), ‘educational Xinjiang Aid’ (教育援疆) and ‘industrial Xinjiang Aid’ (产业援疆).⁷⁶

Following further violence and the mass detention of Uyghurs in early 2017,⁷⁷ the ‘Xinjiang Aid’ agenda became a top political priority.⁷⁸ Local governments and corporations were strongly encouraged to find employment opportunities for newly ‘re-educated’ Uyghurs, under a policy termed ‘industrial Xinjiang Aid’.⁷⁹

‘Industrial Xinjiang Aid’ seeks to assign work to ‘idle’ Uyghurs in the name of poverty alleviation, but it also shares the same indoctrination aims as the ‘re-education camp’ system: factory bosses are expected to fundamentally alter Uyghur workers by reforming their ‘backward qualities’ and sinicising them.⁸⁰ In exchange, Uyghur workers are required to show ‘gratitude’ to the Communist Party and their Han ‘elder sisters and brothers’.⁸¹

Companies across China can participate in industrial ‘Xinjiang Aid’ in two ways:

- opening up ‘satellite’ factories (卫星工厂) or workshops inside Xinjiang to absorb ‘surplus labour capacity’ (富余劳动力).⁸² According to China’s Xinhua News Agency, in the past few years, ‘Xinjiang Aid’ has seen some 4,400 enterprises set up in Xinjiang, providing nearly a million local jobs⁸³
- hiring Uyghur workers for their factories elsewhere in China through a range of labour transfer schemes.

Some companies, such as Hao Yuanpeng Clothing Co. Ltd (浩缘朋服装有限公司)—a garment company headquartered in Anhui province that claims to supply Fila (Italy/South Korea) and Adidas (Germany)—are engaged in both those forms of industrial aid.⁸⁴

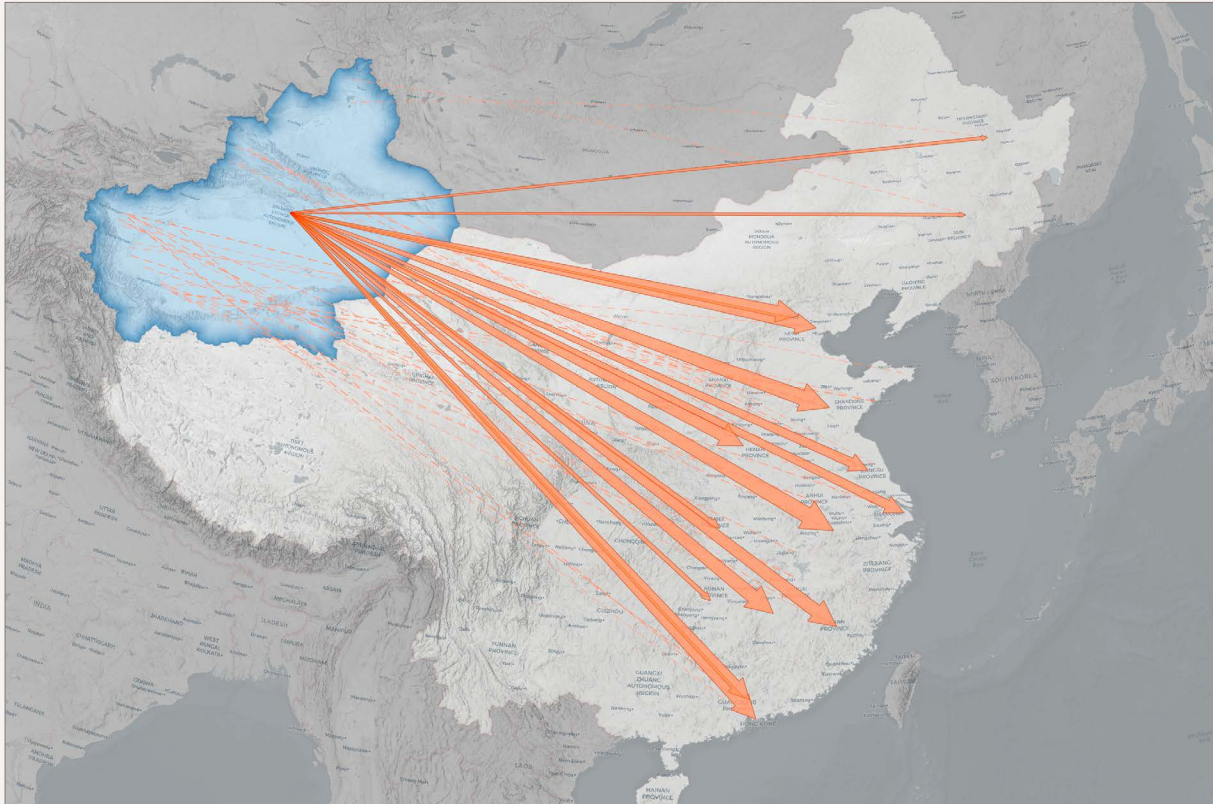
By late 2018, cheap labour emerging from the ‘re-education camps’ had become an important driver of Xinjiang’s economy, according to an official statement by the Xinjiang Development and Reform Commission.⁸⁵ There is now a direct pipeline of Uyghur workers from ‘vocational training’ and political indoctrination in Xinjiang to factory work across China. ‘For every batch (of workers) that is trained, a batch of employment will be arranged and the batch will be transferred’, a 2019 government work report from Karakax county reads.⁸⁶ In some cases, labour transfers outside of Xinjiang are organised even before vocational training and political indoctrination start—to ensure ‘100% employment rate’ for the ‘trained’ Uyghurs.⁸⁷



Xinjiang's labour transfer program

Data collected from Chinese state media and official government notices indicates that more than 80,000 Uyghur workers were transferred out of Xinjiang between 2017 and 2019. ASPI has mapped the available data on these transfers. The larger the arrow in Figure 6, the greater the number of people being transferred. Dotted lines represent known direct county-to-factory transfers. The diagram shouldn't be considered comprehensive, but gives a sense of the scale and scope of the program.⁸⁸

Figure 6: Uyghur transfers to other parts of China from 2017 to 2020



Source: ASPI's International Cyber Policy Centre, which used a range of data sources, including local media reports and official government sources.

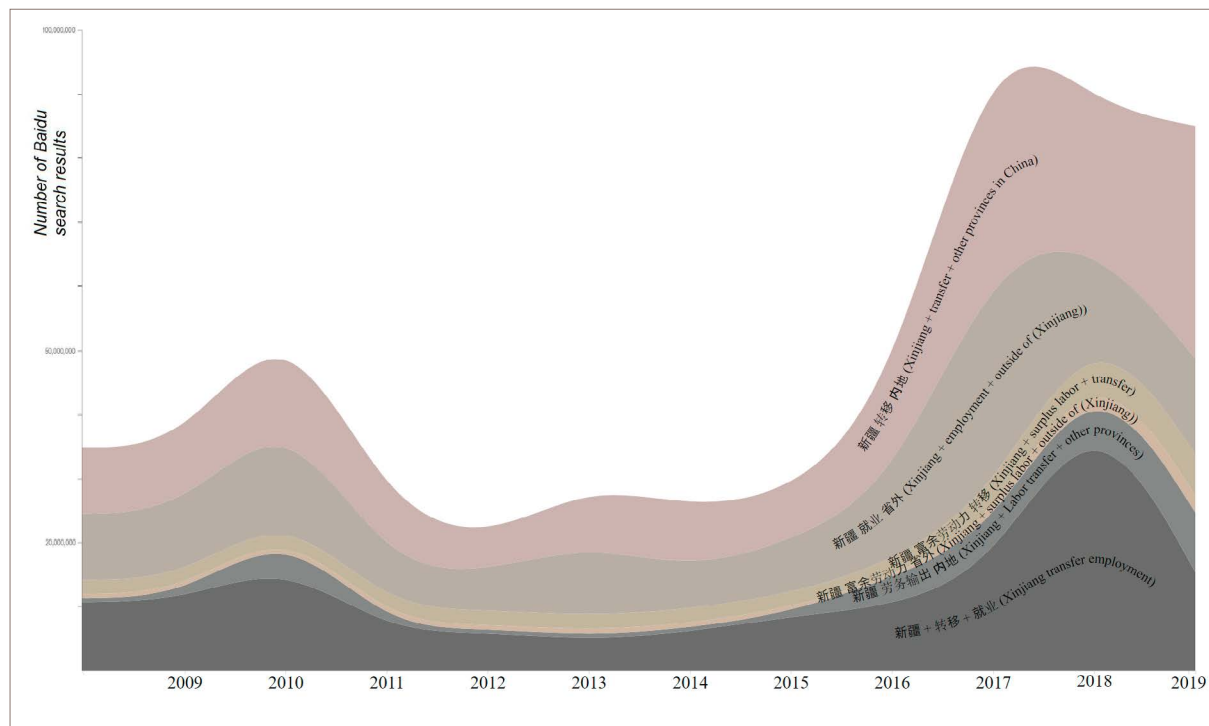
The Chinese government's official data on labour transfer includes transfers from southern Xinjiang to northern Xinjiang, transfers from Xinjiang to other provinces, and transfers to local factories. Depending on the county, labourers sent outside Xinjiang count for anywhere between 10%⁸⁹ to 50%⁹⁰ of all Xinjiang transfers.

In recent years, transfers from Xinjiang to other parts of China have increased steadily. In 2017, according to state media reports, 20,859 'rural surplus labourers' from Xinjiang were transferred to work in other provinces.⁹¹ Based on ASPI's analysis of published data, an estimated 28,000 people were transferred for employment in 2018.⁹² In 2019, an estimated 32,000 people were transferred out of the region.⁹³

Xinjiang authorities also claim to have repeatedly exceeded their labour transfer targets.⁹⁴ The 2017 target was set at 20,000 and exceeded by 4%.⁹⁵ In 2019, the target was set at 25,000 and reportedly exceeded by about 25%.⁹⁶

ASPI analysed the volume of results returned by the Chinese search engine Baidu⁹⁷ when we searched for keywords related to labour transfer schemes. Figure 7 illustrates a steady increase since 2014 (the year in which the so-called ‘Strike Hard Campaign against Violent Extremism’ was launched in Xinjiang), and an even more dramatic increase from 2017 as the ‘re-education’ process ramped up. This is a further suggestion that the labour transfer program has become an increasingly important political priority for the Chinese government in recent years.

Figure 7: Number of Baidu search results for a variety of keywords relating to Xinjiang labour transfers, 2005 to 2019




Source: ASPI's International Cyber Policy Centre

Aside from political incentives, the business of ‘buying’ and ‘selling’ Uyghur labour can be quite lucrative for local governments and commercial brokers. According to a 2018 Xinjiang provincial government notice, for every rural ‘surplus labourer’⁹⁸ transferred to work in another part of Xinjiang for over nine months, the organiser is awarded ¥20 (US\$3); however, for labour transfers outside of Xinjiang, the figure jumps 15-fold to ¥300 (US\$43.25).⁹⁹ Receiving factories across China are also compensated by the Xinjiang government, receiving a ¥1,000 (US\$144.16) cash inducement for each worker they contract for a year, and ¥5,000 (US\$720.80) for a three-year contract.¹⁰⁰ The statutory minimum wage in Urumqi, Xinjiang’s regional capital, was ¥1620 (US\$232.08) a month in 2018.¹⁰¹

In recent years, advertisements for ‘government-sponsored Uyghur labour’ also began to appear online. In February 2019, a company based in Qingdao published a notice advertising a large number of ‘government-led ... qualified, secure and reliable’ Uyghur workers for transfer to some 10 provinces in China (Figure 8).¹⁰²

Figure 8: Advertisement published by Qingdao Decai Decoration Co. claiming to supply government-sponsored Uyghur workers from Xinjiang to other provinces

合作单位	Our company provides a large number of government sponsored workers dispatching from Xinjiang 我司提供大量政府新疆工人劳务派遣公司						
	<table border="0"> <tr> <td>Category 所属分类:</td> <td>Cooperation Unit 合作单位</td> </tr> <tr> <td colspan="2">Clicks 点击次数: 39259</td> </tr> <tr> <td colspan="2">Post date 发布日期: 2019-02-27 19:38:19</td> </tr> </table>	Category 所属分类:	Cooperation Unit 合作单位	Clicks 点击次数: 39259		Post date 发布日期: 2019-02-27 19:38:19	
Category 所属分类:	Cooperation Unit 合作单位						
Clicks 点击次数: 39259							
Post date 发布日期: 2019-02-27 19:38:19							
Description							
详细介绍							
Government-led, work units, qualified, secure and reliable, Male to female ratio and age by specification. 政府带队, 非零散人员, 人员资质齐全, 安全可靠, 男女比例 以及年龄根据工厂定制							
Contact Details:							
详情咨询电话: [REDACTED]							

Note: The ad features a caricature of two dancing Uyghurs in traditional clothing.

Source: 'Our company provides a large number of government (sponsored) Xinjiang workers - labour dispatching company' (我司提供大量政府新疆工人劳务派遣公司), Qingdao Human Resources Website (青岛德才人力资源网), [online](#). Translated from Chinese by ASPI.

Another new advertisement claimed to be able to supply 1,000 Uyghur workers aged 16 to 18 years. It reads: 'The advantages of Xinjiang workers are: semi-military style management, can withstand hardship, no loss of personnel ... Minimum order 100 workers!'. The advertisement also said that factory managers can apply for current Xinjiang police to be stationed at their factory 24 hours a day, and that the workers could be delivered (along with an Uyghur cook) within 15 days of the signing of a one-year contract (Figure 9).

Figure 9: Labour-hire advertisement offering young Uyghur workers under 'semi-military style management'

1000 ethnic minorities awaiting online booking
1000少数民族, 在线等预约

只看楼主 收藏 回复

抖音名字耿直货
初级粉丝

新疆政府组织出来新疆实习生1000人左右, 政审, 体检合格, 年龄16至18周岁, 由新疆政府委派正式在编干部管理, 厂方有需求可申请新疆籍在编警察24小时驻厂管理! 合同期为一年起签! 新疆厨师可自带, 要有统一的员工宿舍, (方便管理)。签定合同后人员15天内到企业! 请有用工需求的企业提前联系! 用新疆工的优势是: 半军事化管理, 能吃苦, 人员不流失, 合同签多久, 就上班多久! 100人起送!

The Xinjiang government has organised around 1,000 trainees from Xinjiang who have already passed political and medical examinations. They are between 16-18 years old and are managed by Xinjiang government-appointed cadres. Factories can apply for current Xinjiang police to be stationed 24-hours a day for in-factory management! Contracts signed for one year to start! Can supply own Xinjiang chef but a separate dormitory is required for the workers (for easy management). Workers will arrive at your enterprise within 15 days of signing the contract! Companies with labour needs please contact in advance! The advantages of using Xinjiang labour are: semi-military style management; can withstand hardship; no loss of personnel; will work for the length of the contract! Minimum order 100 workers!

中国大陆



Source: '1,000 minorities, awaiting online booking' (1000少数民族, 在线等预约), Baidu HR Forum (百度 HR吧), 27 November 2019, [online](#). Translated from Chinese by ASPI.

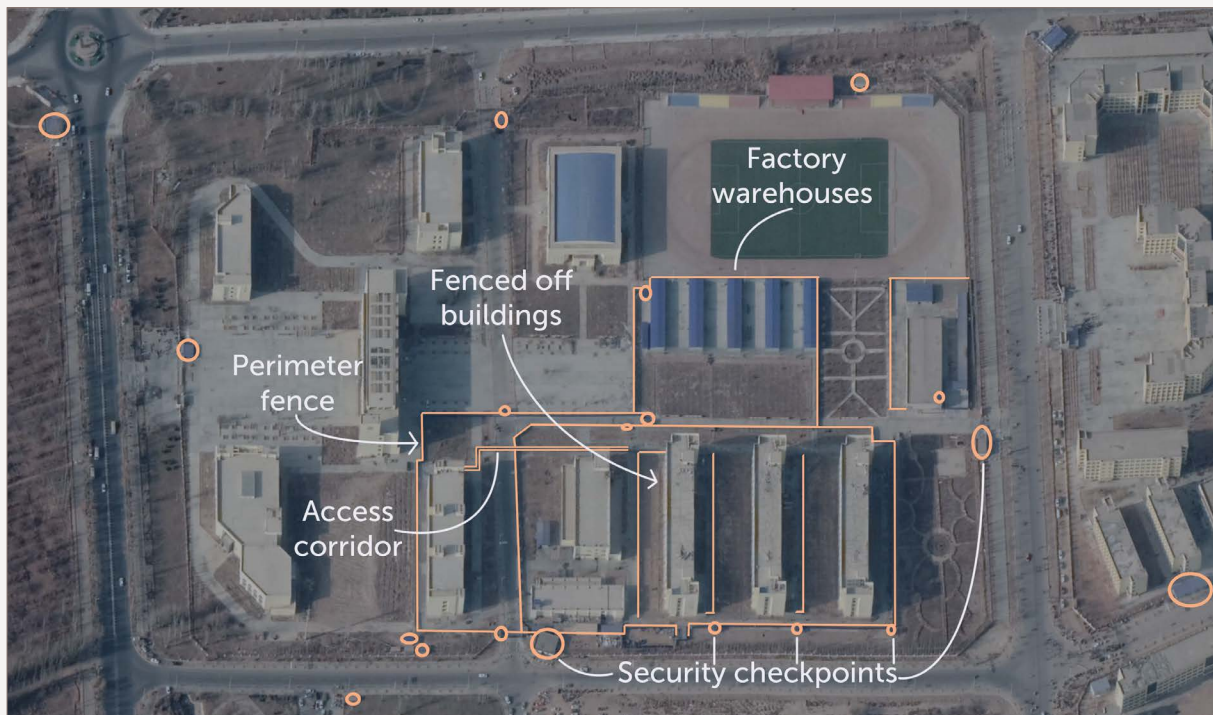
Case study 2: From ‘re-education camps’ to forced labour assignments

New evidence indicates that ‘graduating’ detainees from Xinjiang’s ‘re-education camps’ have been sent directly to factories to work in other parts of China. In such circumstances, it is unlikely that their work arrangements are voluntary.

The Haoyuanpeng Clothing Manufacturing Co. Ltd (浩缘朋制衣有限公司, HYP) participates in ‘Xinjiang Aid’ both through its satellite factory¹⁰³ in Xinjiang (established in 2018) and by exporting Uyghur workers to Anhui province, where it is headquartered. On HYP’s corporate website, it advertises strategic partnerships with the Italian–South Korean fashion label Fila, German sportswear companies Adidas and Puma, and Nike.¹⁰⁴

In February 2018, HYP transferred 63 workers from Xinjiang to its Anhui factory in eastern China with plans to eventually transfer 500 in total.¹⁰⁵ The transferred workers were all ‘graduates’ of the Jiashi County Secondary Vocational School (伽师县中等职业学校), according to a government report.¹⁰⁶ ASPI’s analysis of satellite imagery and official documents suggest the ‘school’ had operated as a ‘re-education camp’ since 2017. The compound increased in size, adding new dormitories and factory warehouses while significant security features were added through the introduction of secure ‘military-style management’ (see Figure 10).¹⁰⁷

Figure 10: Satellite image of Jiashi Vocational School, January 2018, with security infrastructure added since 2017 highlighted in orange



Note: Multiple dormitory buildings and a teaching building appear to be completely fenced in and isolated in a style that resembles other political indoctrination camps. Additionally, five small factory warehouse buildings have been constructed in the enclosed area. Source: ASPI’s International Cyber Policy Centre.

A spokesperson from Adidas said the company does not have an active relationship with HYP and that they will further investigate the use of the Adidas signage.

The transfer of Uyghur labour to Anhui was part of a ‘Xinjiang Aid’ project organised by the Guangdong government, which also involved HYP setting up a highly secure factory in Xinjiang’s Shule (Yengixahar) county (Figure 11).¹⁰⁸

Figure 11: Satellite image of HYP’s factory in Shule (Yengixahar) county, Xinjiang

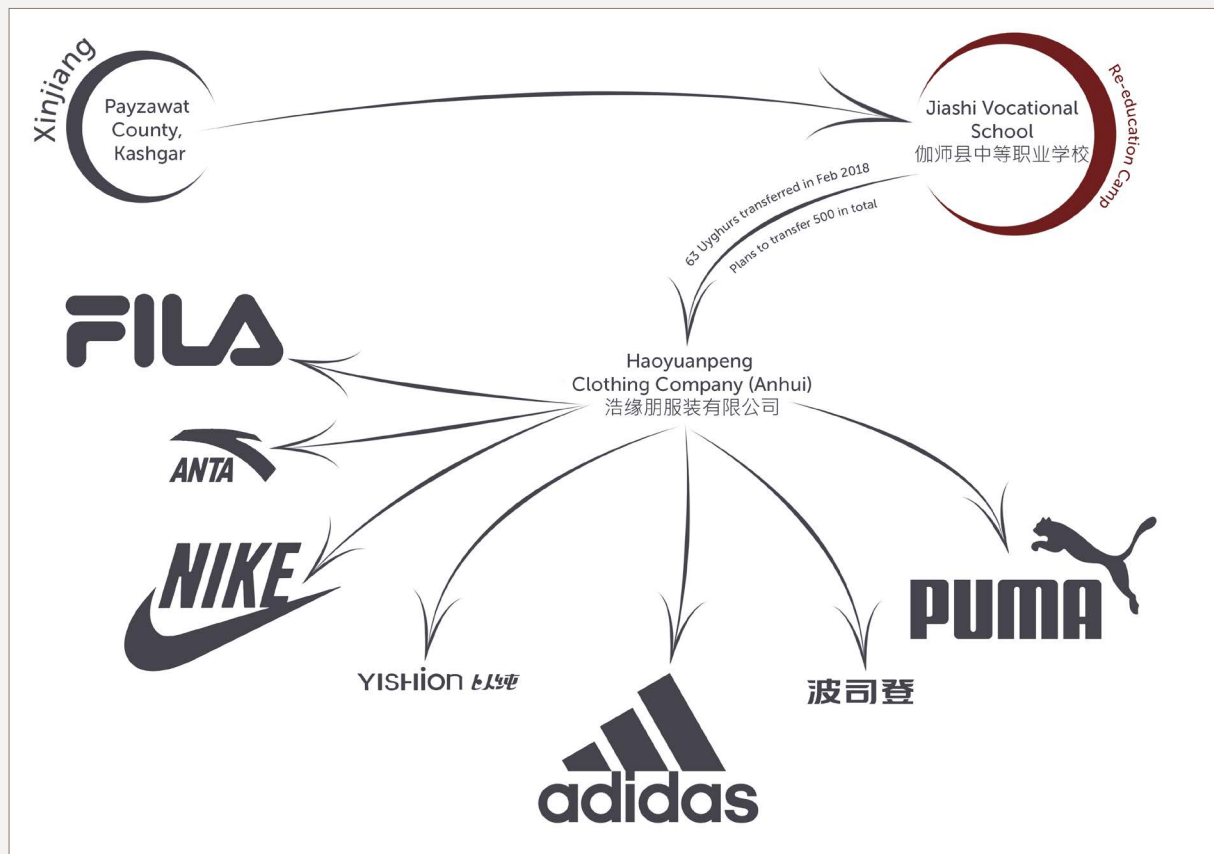


Note: The factory is fully enclosed by perimeter fencing and has several residential dorm buildings further isolated by fencing. In addition there are several security posts throughout the facility. Source: ASPI’s International Cyber Policy Centre.

In a recent interview, HYP President Zeng Yifa (曾亿法) told state media that he established a factory in Xinjiang because it was difficult to find young workers in other parts of China, or even abroad, concluding that: ‘Although the quality of North Korean workers is good, I’m reluctant to spend money on foreign workers. In the end, I chose Xinjiang.’¹⁰⁹

HYP’s factory in Xinjiang, which has a large Adidas billboard on its facade (Figure 13), is surrounded by a 3-metre-high fence. The two entrances to the factory are guarded by security checkpoints, and at least five more security posts monitor the rest of the facility’s perimeter. It is unclear whether HYP’s factory in Anhui province has similar security features.

Figure 12: HYP's supply chain



Source: ASPI ICPC. See Appendix for supply chain information.

Figure 13: Hao Yuanpeng's Kashgar, Xinjiang factory.



Source: Photos of company (企业展示), Hao Yuanpeng Clothing Co. Ltd (浩缘朋服装有限公司), [online](#).

Case study 3: ‘Re-educating’ Uyghur workers in Apple’s supply chain

In December 2017, Apple’s CEO Tim Cook visited one of the company’s contractors—O-Film Technology Co. Ltd (欧菲光科技股份有限公司)¹¹⁰—and posted a picture of himself at the company’s Guangzhou factory on the Chinese social media platform Weibo.¹¹¹

O-Film manufactured¹¹² the ‘selfie cameras’ for the iPhone 8 and iPhone X. The company also claims on its website to manufacture camera modules and touchscreen components for a number of other well-known companies including Huawei, Lenovo and Samsung.¹¹³

Figure 14: Tim Cook’s Weibo post from O-Film’s Guangzhou factory in December 2017



Tim Cook’s post on Chinese social media: ‘Say cheese! Getting a closer look at the remarkable, precision work that goes into manufacturing the selfie cameras for iPhone 8 and iPhone X at O-Film’. Source: [online](#).

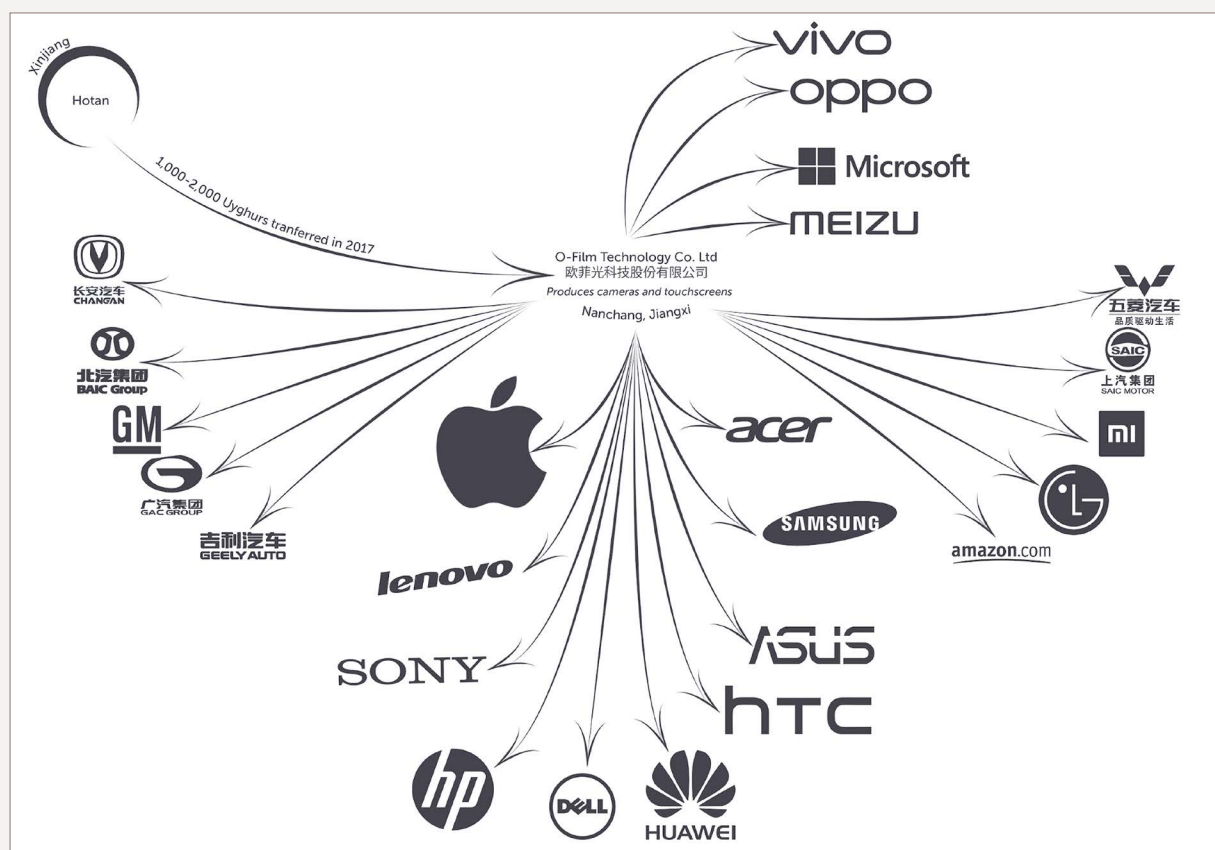
Prior to Cook's visit, between 28 April and 1 May 2017, 700 Uyghurs were reportedly transferred from Lop county, Hotan Prefecture, in Xinjiang to work at a separate O-Film factory in Nanchang, Jiangxi province.¹¹⁴

As with other labour transfers from Xinjiang described in this report, the work assignments for the Uyghurs sent to Jiangxi were highly politicised. The workers were expected to 'gradually alter their ideology' and turn into 'modern, capable youth' who 'understand the Party's blessing, feel gratitude toward the Party, and contribute to stability,' a local Xinjiang newspaper wrote.¹¹⁵ Once in Jiangxi, they were managed by a few minders sent by Lop county who were 'politically reliable' and knew both Mandarin and the Uyghur language.¹¹⁶

According to a now deleted press release,¹¹⁷ Cook praised the company for its 'humane approach towards employees' during his visit to O-Film, asserting that workers seemed 'able to gain growth at the company, and live happily.'¹¹⁸

Five months later, in October 2017, the Hotan government in Xinjiang contacted O-Film, hoping to supply another 1,300 workers.¹¹⁹ On 12 December 2017, a Uyghur worker who claimed to have worked at O-Film said that there were more than a thousand Uyghur workers at the O-Film factory in Jiangxi.¹²⁰

Figure 15: O-Film Supply Chain



Source: ASPI ICPC. See appendix for supply chain source information.

O-Film is not the only Chinese factory using Uyghur labour to make parts for Apple and its suppliers. This report identifies three other factories in Apple's supply chain.

A local government document from September 2019 said that 560 Xinjiang labourers were transferred to work in factories in central Henan province—including Foxconn Technology (Foxconn)'s Zhengzhou facility.¹²¹ Foxconn, a Taiwanese company, is the biggest contract electronics manufacturer in the world, making devices for Apple, Dell and Sony, among others.¹²² The Zhengzhou facility reportedly makes half of the world's iPhones and is the reason why Zhengzhou city is dubbed the 'iPhone city'.¹²³

It is unclear how the Uyghur workers are treated at the Zhengzhou facility. However, a September 2019 report by New York-based China Labour Watch said contract workers at Foxconn's Zhengzhou factory—which includes Uyghur workers—put in at least 100 overtime hours a month.¹²⁴ Over the past decade, Foxconn has been marred by allegations of worker exploitation and even suicides, including recently at its Zhengzhou facility.¹²⁵ The company has also actively participated in the 'Xinjiang Aid' scheme.¹²⁶

Figure 16: Uyghur workers arriving at Hubei Yihong Precision Manufacturing Co. Ltd



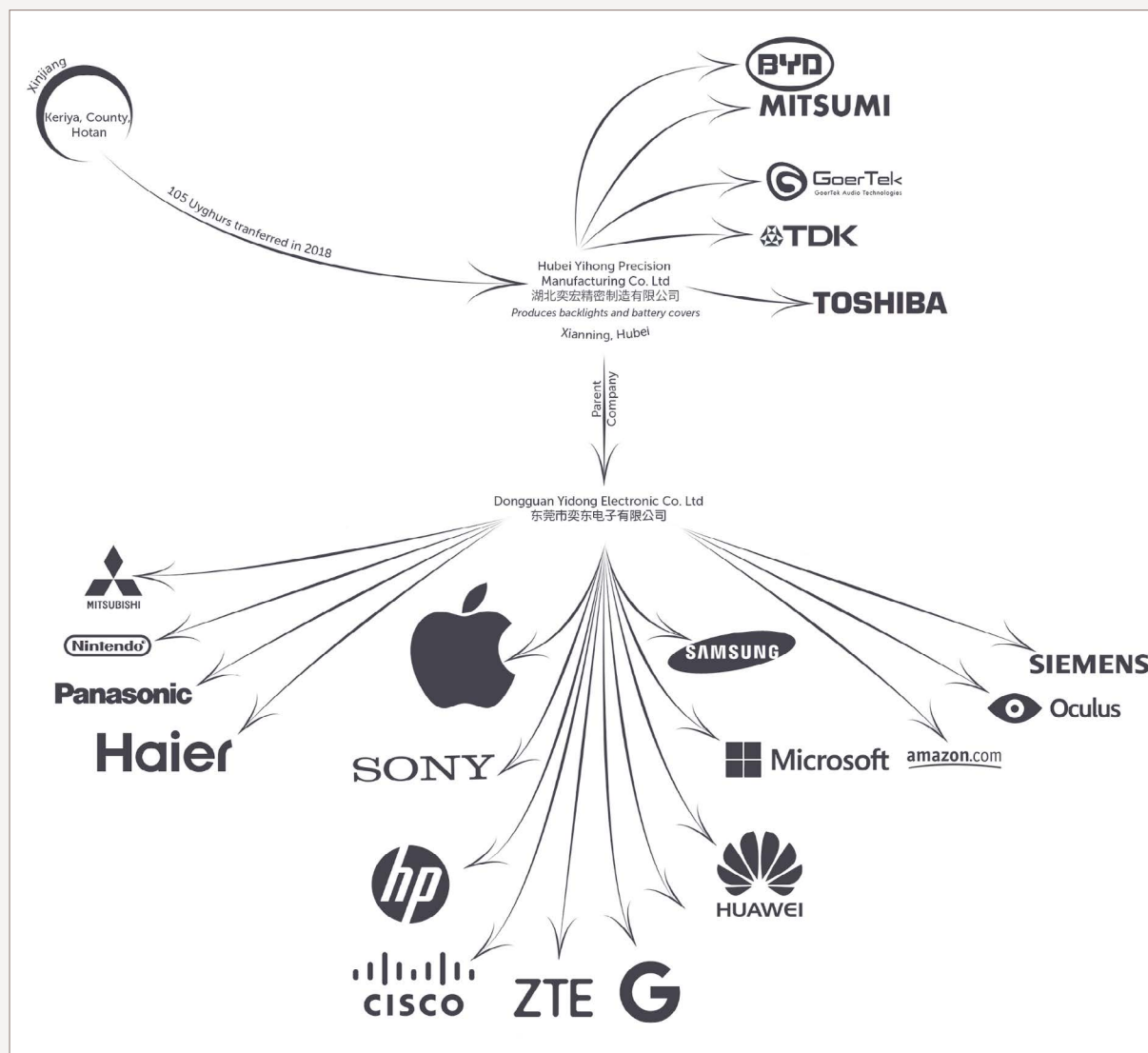
Uyghur workers with Hubei Yihong Precision Manufacturing Co. Ltd on their transfer between Xinjiang and Xianning, Hubei. This photograph was taken outside of Wuchang train station in Wuhan, Hubei's provincial capital, in May 2018. Source: [online](#).

On 17 May 2018, 105 Uyghur workers were transferred from Keriya county, Xinjiang, to Hubei Yihong Precision Manufacturing Co. Ltd (湖北奕宏精密制造有限公司, Hubei Yihong) in Xianning, Hubei province.¹²⁷ Upon the workers' arrival, a senior communist party official visited the Hubei Yihong factory. In a speech, he put forward three demands: for the workers to exercise gratitude to the

Communist Party, for the managers to increase surveillance and intensify patriotic education, and for the workers to quickly blend in.¹²⁸

Hubei Yihong makes backlights and battery covers.¹²⁹ It is a subsidiary of Dongguan Yidong Electronic Co. Ltd (东莞市奕东电子有限公司), whose website claims that its end customers include Apple and Huawei.¹³⁰ While neither Hubei Yihong nor its parent company is included in Apple's supplier list, Hubei Yihong's website lists Goertek, which directly supplies Apple with AirPods, as one of its customers.¹³¹

Figure 17: Hubei Yihong Supply Chain



Source: ASPI ICPC. See appendix for supply chain source information.

In 2017, another electronics company that claims to make components for Apple's supplier, Hefei Highbroad Advanced Material Co. Ltd (翰博高新材料(合肥)股份有限公司, Highbroad) signed a contract with the Hotan government to take in 1,000 Uyghurs each year for the next three years, according to the company's vice president.¹³² Later that year, more than 500 Uyghurs from rural Guma county in Hotan Prefecture were transported to Hefei in Anhui province to begin work in Highbroad's electronics factory.¹³³

In 2018, 544 Uyghurs were transferred from Guma county to a Highbroad subsidiary, also in Hefei, called Fuying Photoelectric Co. Ltd (合肥福映光电有限公司).¹³⁴ At Fuying, according to state media, Aynur Memetyusup, a young Uyghur woman, learned to improve her Mandarin and workplace discipline and to take daily showers that made ‘her long hair more flowing than ever.’ She is quoted as saying, ‘Like President Xi has said, happiness is always the result of struggle.’¹³⁵

Figure 18: A picture of Aynur Memetyusup (first from left) in an after-work Mandarin class at Highbroad Advanced Material Co. Ltd in Hefei, Anhui province

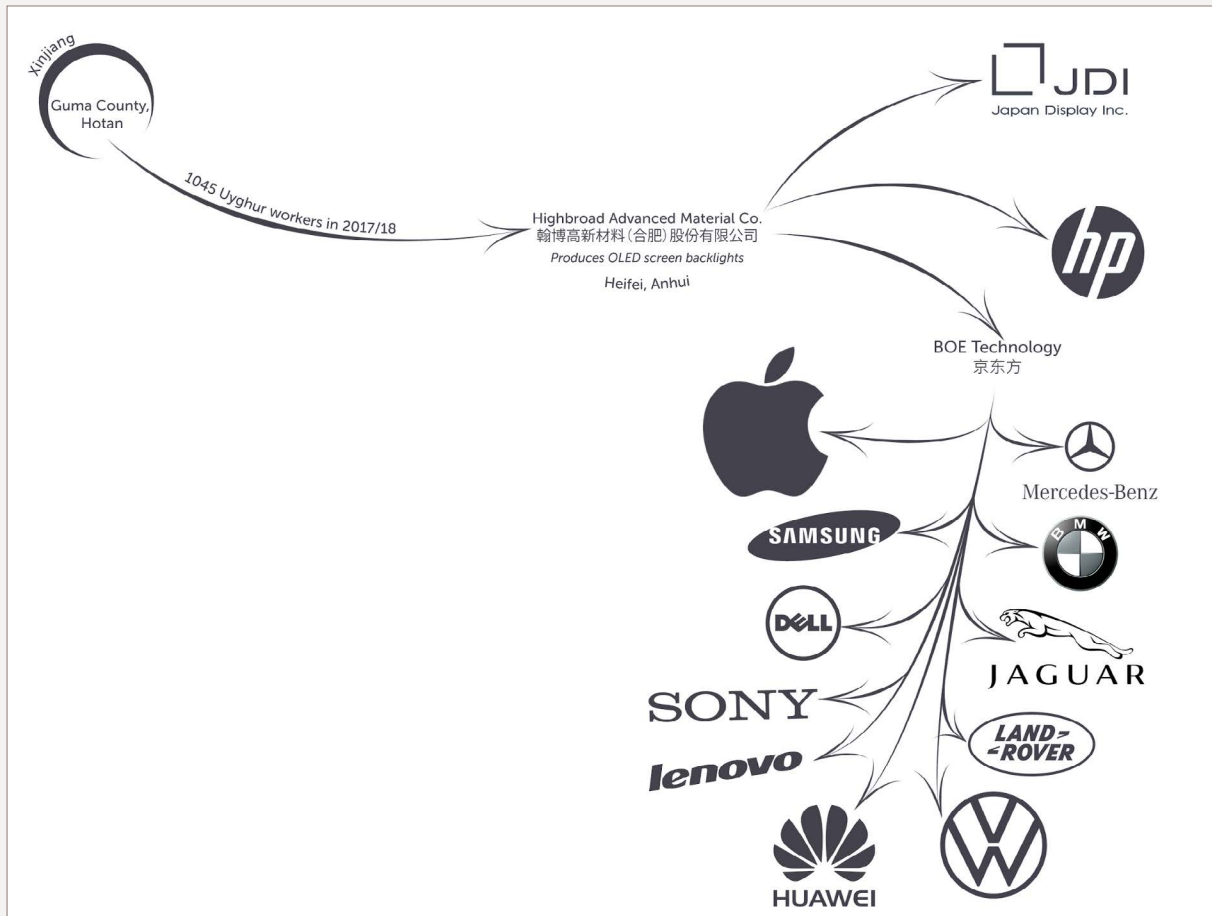


Source: ‘Uyghur girl helps her mom’s big dream come true’, *China Daily*, 6 August 2019, [online](#).

According to the company’s 2018 annual report,¹³⁶ Highbroad’s main products are components for flat panel displays—the LCD and OLED screens used in many smartphones, tablets and computers. Highbroad notes that 79.19% of its operating revenue comes from sales to the Beijing-based multinational company BOE Technology Group Co. Ltd (京东方), which is one of the world’s largest producers of electronic displays. BOE is currently a major screen supplier to Huawei¹³⁷ and is set to become Apple’s second-largest OLED screen supplier by 2021.¹³⁸ BOE is currently listed on Apple’s supplier list.¹³⁹

According to Highbroad’s website their customers include Japan Display Inc. and LG Display.¹⁴⁰ Highbroad’s hiring ads¹⁴¹ and a Chinese LCD industry directory¹⁴² also claim that Highbroad’s end customers include other well-known companies including Dell, Lenovo, Samsung and Sony, and automobile manufacturers such as BMW, Jaguar, Land Rover, Mercedes-Benz and Volkswagen (Figure 18).

Figure 19: Highbroad supply chain



Source: ASPI ICPC. See Appendix for supply chain information.

Implications for the global supply chain

The rapid expansion of the nationwide system of Uyghur labour presents a new challenge for foreign companies operating in China. How do they secure the integrity of their supply chains and protect their brands from the reputational and legal risks of being associated with forced, discriminatory or abusive labour practices? Interwoven supply chains and the mixed nature of their workforces, which draw on both Han and Uyghur workers, make it particularly difficult for companies to ensure that their products are not associated with forced labour. These labour transfer schemes also present a challenge to the reputation of Chinese brands overseas.

In all, ASPI's research has identified 83 foreign and Chinese companies directly or indirectly benefiting from the use of Uyghur workers outside Xinjiang through potentially abusive labour transfer programs: Abercrombie & Fitch, Acer, Adidas, Alstom, Amazon, Apple, ASUS, BAIC Motor, BMW, Bombardier, Bosch, BYD, Calvin Klein, Candy, Carter's, Cerruti 1881, Changan Automobile, Cisco, CRRC, Dell, Electrolux, Fila, Founder Group, GAC Group (automobiles), Gap, Geely Auto, General Motors, Google, Goertek, H&M, Haier, Hart Schaffner Marx, Hisense, Hitachi, HP, HTC, Huawei, iFlyTek, Jack & Jones, Jaguar, Japan Display Inc., L.L.Bean, Lacoste, Land Rover, Lenovo, LG, Li-Ning, Marks & Spencer, Mayor, Meizu, Mercedes-Benz, MG, Microsoft, Mitsubishi, Mitsumi, Nike, Nintendo, Nokia, The North Face, Oculus, Oppo, Panasonic, Polo Ralph Lauren, Puma, Roewe, SAIC Motor, Samsung, SGMW, Sharp, Siemens, Skechers, Sony, TDK, Tommy Hilfiger, Toshiba, Tsinghua Tongfang, Uniqlo, Victoria's Secret, Vivo, Volkswagen, Xiaomi, Zara, Zegna, ZTE. Some brands are linked with multiple factories. The data is based on published supplier lists, media reports, and the factories' claimed suppliers. ASPI reached out to these 83 brands to confirm their relevant supplier details. Where companies responded before publication, we have included their relevant clarifications in this report. If any company responses are made available after publication of this report, we will address these online.

A further 54 companies are implicated in what could be forced labour schemes within Xinjiang itself (see appendix)—some of which overlap with the 83 companies linked to forced Uyghur labour outside of Xinjiang. It is important to note that not all companies have the same levels of exposure to Uyghur forced labour. Some finished products are directly manufactured by these workers, while others pass through complicated supply chains.

The appendix to this report lists 35 documented labour transfer programs under 'Xinjiang Aid' since 2017. The table includes the following information:

- transfers to factories in central and eastern provinces of China
- transfers to purpose-built factories within Xinjiang
- the number of people moved to the factories
- the products they make
- the companies the factories claim they supply.

In the past three years, the ‘re-education camp’ system in Xinjiang has drawn international condemnation. Now the culture and ethos of ‘re-education’ is being exported well beyond Xinjiang and married with practices that likely amount to forced labour.

This report establishes that some workers employed through labour transfer schemes at factories across China are sourced directly from the ‘re-education camps’ in Xinjiang. Ethnic minority workers from Xinjiang who are not known to be former detainees may also be forced to work under threat of detention, the intimidation of family members and a range of restrictions on their freedom. The tainted global supply chain that results from these practices means that it is now difficult to guarantee that products manufactured in China are free from forced labour.¹⁴³

We have found that a large number of Chinese and multinational companies are sourcing components or products from factories that proudly boast about their Uyghur workers, such as Taekwang¹⁴⁴ and HYP.¹⁴⁵ This situation poses new risks—reputational and legal—for companies and consumers purchasing goods from China, as products made in any part of the country, not just in Xinjiang, may have passed through the hands of forced labourers. This situation also creates new risks for investors in those companies—from private investors to wealth management funds—who may now find themselves indirectly linked to forced labour practices.

Recommendations

The response to the abuses identified in this report should not involve a knee-jerk rejection of Uyghur or Chinese labour. The problem is the policies that require Uyghurs to work under duress in violation of well-established international labour laws. It is vital that, as these problems are addressed, Uyghur labourers are not placed in positions of greater harm or, for example, involuntarily transferred back to Xinjiang, where their safety cannot necessarily be guaranteed. In light of this report's findings, we make the following recommendations.

The Chinese government should:

- give multinational companies unfettered access to allow them to investigate any abusive or forced labour practices in factories in China
- uphold the rights of all workers in China, especially those from vulnerable ethnic minorities, to determine how their labour is deployed and the conditions under which they leave their place of residence
- ratify the ILO International Labour Standards; structure a comprehensive grievance mechanism, including for the investigation of alleged cases of forced labour; provide victims with protection and remedies; and prosecute perpetrators
- uphold the legitimate rights of China's citizens, including by protecting ethnic and religious rights enshrined in the Chinese Constitution.¹⁴⁶

Companies using forced Uyghur labour in their supply chains could find themselves in breach of laws which prohibit the importation of goods made with forced labour or mandate disclosure of forced labour supply chain risks.¹⁴⁷ Each company listed in this report should:

- conduct immediate and thorough human rights due diligence on its factory labour in China, including robust and independent social audits and inspections. The audits and inspections should include a stocktake of the conditions and current and ongoing safety of vulnerable workers
- if it finds that factories are implicated in forced labour, seek to use its leverage to address improper labour practices. In all cases where harm has occurred, it should take appropriate and immediate remedial action. Where it cannot, it should cease working with those factories
- ensure that it is fully transparent as it seeks to address all potential harms, including by reporting its due diligence and audit findings publicly.

Foreign governments should:

- identify opportunities to increase pressure on the Chinese government to end the use and facilitation of Uyghur forced labour and mass extrajudicial detention, including through the use of targeted sanctions on senior officials responsible for Xinjiang's coercive labour transfers
- review trade agreements to restrict commodities and products being produced with forced labour
- identify opportunities to pressure the Chinese government into ratifying the *Convention on Forced Labour, 1930 (No. 29)*,¹⁴⁸ *Abolition of Forced Labour Convention, 1957 (No.105)*¹⁴⁹ and the *Protocol of 2014 to the Forced Labour Convention*.¹⁵⁰

Consumers and civil society groups, including NGOs, labour unions and consumer advocacy groups, should:

- demand that companies that manufacture in China conduct due diligence and social audits to ensure that they're not complicit in forced labour practices
- advocate for the recognition of continual, multilayered surveillance and monitoring of workers and their digital communications—both in and outside work hours—as an emerging and under-reported indicator of forced labour and an important human rights violation
- push brands to be more transparent about the make-up of their supply chains and the preventative measures they have put in place to ensure forced labour does not occur
- demand that companies make new public commitments, uphold current commitments, or both, to not use forced and coerced labour in their global supply chains and that they act quickly and publicly when such cases are identified.

Appendix

Table 1: Transfers of Uyghurs out of Xinjiang

Transfers of Uyghurs out of Xinjiang	Chinese factories involved	International brands supplied by factory
<p>From 2014 to mid-2018, Xinjiang's Nilka county transferred 390 people to work in other provinces of China.¹⁵¹ In the first 6 months of 2019, the county transferred 551 people out of Xinjiang.¹⁵²</p> <p>That included workers sent to Changzhou, Jiangsu, dozens at a time.¹⁵³ In July 2019, 41 Uyghur workers were transferred to KTK Group in Changzhou.¹⁵⁴</p>	<p>KTK Group (今创控股集团 also known as Jiangsu Jinchuang Group) is mainly involved in rail transportation equipment, including design, research and development, and producing door systems, interiors, and other parts.¹⁵⁵</p>	<p>KTK Group's website says its customers include Alstom, Bombardier, CRRC and Siemens, and the company is a strategic partner with Alstom, Bombardier, CRRC and Hitachi.¹⁵⁶</p> <p>A subsidiary of Chinese rail manufacturer, CRRC Co. Ltd, is currently building¹⁵⁷ Melbourne's new high-capacity trains after jointly securing¹⁵⁸ a AU\$2 billion (US\$1.5 billion) contract with two other companies.</p>
<p>In May 2017, 1,200 people were transferred from Lop, Hotan Prefecture, out of Xinjiang—700 of them to Nanchang, Jiangxi, to work at O-Film Technology Co. Ltd.¹⁵⁹</p> <p>Five months later, the Hotan Government contacted O-Film Technology hoping to supply another 1,300 workers.¹⁶⁰</p> <p>At the end of 2017, a Uyghur worker who claimed to have worked at O-Film Technology said that there were more than a thousand Uyghur workers at the company.¹⁶¹</p>	<p>O-Film Technology Co. Ltd (欧菲光科技股份有限公司) manufactures compact camera modules and touchscreen components for smartphones, laptops and cars.¹⁶²</p>	<p>Strategic partners listed on O-Film Technology's website include: Acer, ASUS, Amazon, BAIC Motor, Changan Automobile, Dell, GAC Group (automobiles), Geely Auto, General Motors, HP, HTC, Huawei, Lenovo, LG, Meizu, Microsoft, Oppo, SAIC Motor, Samsung, SGMW, Sony, Vivo, Xiaomi and ZTE.¹⁶³</p> <p>O-Film Technology also manufactured key components of iPhone 8 and iPhone X camera technologies for Apple in 2017¹⁶⁴ and is currently on Apple's supplier list.¹⁶⁵ In 2017, Apple's CEO Tim Cook personally visited the company.¹⁶⁶</p>
<p>As reported in early 2019, 46 workers (including Kazakhs)¹⁶⁷ were transferred from Tekes county, Xinjiang, to work at Nanjing Synergy Textiles Co. Ltd in Nanjing in eastern China's Jiangsu Province.¹⁶⁸</p>	<p>Nanjing Synergy Textiles Co. Ltd (南京新一棉纺织有限公司 / 南京新一棉纺织印染有限公司) is a wholly owned subsidiary of Victory City International Holding Ltd (冠华国际控股有限公司) and produces high-grade cotton, knitting yarns and CVC yarns.¹⁶⁹</p>	<p>Victory City's customers include Calvin Klein, Carter's, Li-Ning and The North Face, according to a report by China Galaxy Securities, a Chinese brokerage and investment bank.¹⁷⁰ See update below*</p>

*Update: The North Face says it never had a business relationship with Nanjing Synergy and terminated its business relationship with its parent company Victory City in July 2016.

Transfers of Uyghurs out of Xinjiang	Chinese factories involved	International brands supplied by factory
In 2018, Awat county transferred 1,554 people to factories out of Xinjiang, including to Hefei Meiling Co. Ltd in Anhui province. ¹⁷¹	Hefei Meiling Co. Ltd (合肥美菱股份有限公司) is a Chinese electronics manufacturer. ¹⁷² It produces refrigerators, washing machines, freezers, air conditioners, kitchen appliances and other small home appliances. ¹⁷³	In 2017, Meiling became an exclusive supplier of Italy's Candy . ¹⁷⁴ A 2017 Chinese media report says Meiling supplies fridges to Swedish Electrolux . ¹⁷⁵
Between 2017 and November 2019, 491 workers were transferred from Tumxuk City, Xinjiang to Dongguan Lvzhou Shoes Industry Co. Ltd in eastern China's Guangdong Province. ¹⁷⁶	Dongguan Lvzhou Shoes Industry Co. Ltd (东莞绿洲鞋业有限公司) is a shoe manufacturer under the Taiwanese Dalibu Group (大力卜集团). ¹⁷⁷	According to a report from Taiwanese students interning at the company, Dongguan Lvzhou Shoes is the main manufacturer for the American brand Skechers . ¹⁷⁸
From April 2017 to June 2018, 2,048 Uyghur workers were transferred from Hotan Prefecture in Xinjiang to 15 factories in Anhui Province, including Youngor Textile Holdings Co. Ltd . ¹⁷⁹ At a 'Xinjiang Aid' meeting with Anhui provincial government representatives in 2019, Youngor Textile Holdings welcomed labour transfers and expressed interest in taking more transferred workers. ¹⁸⁰	Youngor Textile Holdings Co. Ltd (雅戈尔色纺科技公司) is a subsidiary of Youngor Group Co. Ltd (雅戈尔集团股份有限公司), producing textiles and textile machinery. ¹⁸¹ Youngor also owns a number of subsidiaries and factories in Xinjiang. ¹⁸²	Youngor Group's official website says that Youngor is in strategic cooperation partnerships with several international brands, including Cerruti 1881 and Zegna , and also owns the brands Hart Schaffner Marx and Mayor . ¹⁸³ Youngor's Xinjiang company claims to supply Calvin Klein, Gap, Jack & Jones, Lacoste, L.L.Bean, Marks & Spencer, Polo Ralph Lauren, Tommy Hilfiger, and Uniqlo . ¹⁸⁴
From April 2017 to June 2018, 2,048 Uyghur workers were taken from Hotan Prefecture in Xinjiang to 15 factories in Anhui Province, including Huafu Top Dyed Melange Yarn Co. Ltd . ¹⁸⁵	Huafu Top Dyed Melange Yarn Co. Ltd (安徽淮北华孚色纺/华孚时尚有限公司) produces cotton, coloured fibres and melange yarn. ¹⁸⁶	According to Chinese media, Huafu's long term customers include Adidas, Abercrombie & Fitch, Lacoste, Puma, Zara and H&M . ¹⁸⁷ Adidas and A&F told ASPI they recently stopped using Huafu. Huafu supplies yarn for Victoria's Secret ¹⁸⁸ however the brand's parent company, L Brands, claimed its suppliers are compliant with forced labour laws.

Transfers of Uyghurs out of Xinjiang	Chinese factories involved	International brands supplied by factory
<p>In March and April 2019, 131 minority women were transferred from Karakax county, Xinjiang, to Hubei Haixin Protective Products Co. Ltd in central China's Yuanshi town, Hubei Province. At the factory, they undergo Mandarin classes three days a week.¹⁸⁹</p>	<p>Hubei Haixin Protective Products Co. Ltd (湖北海兴卫生用品集团有限公司) produces disposable medical and protective products such as masks, gowns and shoe covers.¹⁹⁰</p>	<p>According to Hubei Haixin's website, 60% of its products are exported to Europe, 20% to the US and 15% to Asia.¹⁹¹</p>
<p>In November 2017, more than 500 Uyghur workers were transferred from Guma county, Xinjiang, to Highbroad Advanced Material (Hefei) Co. Ltd in Hefei, Anhui.¹⁹² In 2018, 544 young Uyghurs were transferred from Guma county to Highbroad subsidiary Hefei Fuying Photoelectric Co. Ltd, also in Hefei.¹⁹³</p>	<p>Highbroad Advanced Material (Hefei) Co. Ltd (翰博高新材料(合肥)股份有限公司) produces backlight modules and LCD components for smart devices, including phones, laptops and cars.¹⁹⁴</p> <p>Hefei Fuying Photoelectric Co. Ltd (合肥福映光电有限公司) is a subsidiary of Highbroad.¹⁹⁵</p> <p>Most of Highbroad's revenue comes from supplying the Chinese company BOE Technology Group Co. Ltd (京东方科技集团股份有限公司),¹⁹⁶ which is one of the world's biggest display makers.¹⁹⁷</p>	<p>According to Highbroad's website¹⁹⁸, their customers include LG Display and Japan Display Inc. Highbroad's hiring ads¹⁹⁹ and a Chinese LCD industry directory²⁰⁰ claim that Highbroad's end customers also include other smart device companies such as Dell, Lenovo, Samsung and Sony, and automobile manufacturers such as BMW, Jaguar, Land Rover, Mercedes-Benz and Volkswagen.²⁰¹</p> <p>79.19% of Highbroad's operating revenue comes from sales to the Beijing-based multinational company BOE Technology Group Co. Ltd (京东方). BOE is currently a major screen supplier to Huawei and is set to become Apple's second-largest OLED screen supplier by 2021.²⁰² BOE is currently listed on Apple's supplier list.²⁰³</p>

Transfers of Uyghurs out of Xinjiang	Chinese factories involved	International brands supplied by factory
<p>On 17 May 2018, 105 Uyghur workers were transferred from Keriya county, Xinjiang, to Hubei Yihong Precision Manufacturing Co. Ltd in Xianning, Hubei province.²⁰⁴</p>	<p>Hubei Yihong Precision Manufacturing Co. Ltd (湖北奕宏精密制造有限公司) is a subsidiary of Dongguan Yidong Electronic Co. Ltd (东莞市奕东电子有限公司) and produces precision parts for electronics such as backlights and battery covers.²⁰⁵</p>	<p>According to their website, Dongguan Yidong Electronic Co. Ltd supply directly to BYD, Goertek, Mitsumi, TDK, Toshiba, BOE and Kyocera. It claims their end customers include Amazon, Apple, Cisco, General Electric, Google, Haier, HP, Huawei, Microsoft, Mitsubishi, Nintendo, Oculus, Oppo, Panasonic, Samsung, Siemens, Sony, and ZTE.²⁰⁶ A spokesperson from General Electric said that the company has no record of ever having used Hubei Yidong or their subsidiary as a direct supplier. Hubei Yidong has taken down its company webpage since the publication of this report. Haier said the company is not in its supplier database.</p>
<p>In February 2018, 63 workers were transferred from the Jiashi County Secondary Vocational School (伽师县中等职业学校) near Kashgar, in Xinjiang, to Haoyuanpeng Garment Group in eastern Anhui Province.²⁰⁷</p> <p>ASPI's analysis of satellite imagery and official documents suggest the school has operated as a 're-education camp' since 2017.²⁰⁸</p>	<p>Haoyuanpeng Garment Group (安徽浩缘朋制衣集团公司) manufactures apparel such as down jackets, casual pants and children's clothing, and owns several companies around the country, including one in Xinjiang called the Kashgar Haoyuanp Garment Co. Ltd (喀什浩缘朋服装有限公司).²⁰⁹</p>	<p>Haoyuanpeng's website states that the company's customers include Adidas, Fila, Nike and Puma.²¹⁰ Adidas says that it has no direct relationship with HYP and that they're investigating HYP's use of their brand name and logo.</p>
<p>As reported in August 2019, 192 minority workers from Xinjiang were working at Ningbo Aoboer Electric Appliance Co. Ltd in Zhejiang Province.²¹¹</p>	<p>Ningbo Aoboer Electric Appliance Co. Ltd (宁波奥博尔电器有限公司) manufactures electrical sockets and power adapters.²¹²</p>	<p><i>Supply chain information for this factory is not available.</i></p>
<p>In the first 8 months of 2018, 1,554 workers were reportedly transferred from Awat county, Xinjiang, to factories in other provinces, including to Hefei Bitland Information Technology Co. Ltd in Hefei, Anhui.²¹³</p>	<p>Hefei Bitland Information Technology Co. Ltd (安徽合肥宝龙达信息技术有限公司) produces electronics such as computers and smartphones.²¹⁴</p>	<p>Hefei Bitland's website says the company's cooperative partners include Founder Group, Google, Haier, Hisense, HTC, HP, iFlyTek, Lenovo and Tsinghua Tongfang.²¹⁵ Haier said this factory is not in its supplier database.</p>

Transfers of Uyghurs out of Xinjiang	Chinese factories involved	International brands supplied by factory
In the first 8 months of 2018, 1,554 workers were reportedly transferred from Awat county, Xinjiang, to factories in other provinces, including Sichuan Mianyang Jingweida Technology Co. Ltd. ²¹⁶	Sichuan Mianyang Jingweida Technology Co. Ltd (四川绵阳经纬达科技有限公司) produces magnetoelectric components such as power and LAN modules used in laptops and home appliances. ²¹⁷	According to local media , ²¹⁸ Jingweida has supplied products and services to brands including Dell, Foxconn, Hisense, HP, Huawei, Sharp, Toshiba and ZTE . Jingweida's Chairman Wang Qiang also claimed that the company had been working with Bosch . ²¹⁹
Unknown number of people were transferred from Hotan City to Jinjiang, Fujian to work at Meike Leisure Sports Goods in March 2019. ²²⁰	Fujian Meike Leisure Sports Goods Co. Ltd (美克国际控股有限公司) manufactures shoes. ²²¹	<i>Supply chain information for this factory is not available.</i>
In April 2018, 46 people who were 'vocational school graduates' were transferred from Payziwat county, Xinjiang to work at Zhaoxing Outdoor Gears Co. Ltd in Fuzhou, Fujian Province. ²²² By April 2019, there were 99 Uyghur workers at the company. ²²³	Zhaoxing Outdoor Gears Co. Ltd (兆兴户外用品有限公司) in Fuzhou city, Fujian province, produces clothing and plastic fabrics. ²²⁴	<i>Supply chain information for this factory is not available.</i>
In the first half of 2019, 437 Uyghur workers were transferred to Fujian Province from Hotan City, Lop county, Makit county and other regions in Xinjiang. ²²⁵ The workers were sent to different factories in Fujian including Quanzhou Yilong Textile Co. Ltd.	QuanZhou Yilong Textile Co. Ltd (泉州益龙纺织有限责任公司) manufactures children's clothing, sportswear and loungewear. ²²⁶	<i>Supply chain information for this factory is not available.</i>
As reported in late 2019, 30 minority workers were transferred from Hami City, Xinjiang, to Haixiangni Health Food Co. Ltd in Zhengzhou, Henan province, for training and subsequent employment. ²²⁷ In 2018, Haixiangni Health Food Co Ltd launched a project that the company claimed would provide 200 local jobs in Xinjiang. ²²⁸	Haixiangni Health Food Co. Ltd (好想你健康食品股份有限公司) produces red dates, dried fruits and other health foods. ²²⁹	<i>Supply chain information for this factory is not available.</i>

Transfers of Uyghurs out of Xinjiang	Chinese factories involved	International brands supplied by factory
<p>As reported in late 2019, 560 Xinjiang workers were transferred to work in factories in central Henan province, including to Foxconn Technology in Zhengzhou, Henan province.²³⁰</p>	<p>Foxconn Technology, a Taiwanese company, is the biggest contract electronics manufacturer in the world.²³¹</p>	<p>Foxconn has supplied brands like Amazon,²³² Apple, Dell,²³³ Google,²³⁴ HP,²³⁵ Huawei,²³⁶ Microsoft,²³⁷ Nintendo,²³⁸ Sony,²³⁹ and Xiaomi.²⁴⁰</p> <p>Foxconn's Zhengzhou, Henan facility reportedly makes half of the world's iPhones and is the reason why Zhengzhou city is dubbed the "iPhone city".²⁴¹ Foxconn's website says their brands and 'marketing channels' include Nokia and Sharp.²⁴²</p>
<p>In October 2018, 59 minority workers were transferred from Gulja county to Jianhua Construction Materials Group in Huai'an, Jiangsu.²⁴³</p>	<p>Jianhua Construction Materials Group (汤建华建材(淮安)有限公司) says it's a service provider of concrete products.²⁴⁴</p>	<p><i>Supply chain information for this factory is not available.</i></p>
<p>In May 2017, 47 minority workers were transferred from Qapqal Xibe Autonomous county, Xinjiang, to Jiangsu's Yancheng city to work at Roewe.²⁴⁵</p>	<p>Roewe (荣威集团) is a domestic Chinese luxury car brand established under SAIC Motor Corporation Limited.²⁴⁶</p>	<p>Roewe's cars are marketed²⁴⁷ as British and sold overseas under the MG brand.²⁴⁸</p>
<p>130 people were transferred from Nilka county, Xinjiang, to Hubei Province to work at AcBel Polytech Co. Ltd in the first half of 2019.²⁴⁹</p>	<p>AcBel Polytech Co. Ltd (康舒电子有限公司) produces power supplies used in information technology, communications, consumer electronics and other areas.²⁵⁰ AcBel owns manufacturing sites in Taiwan, the Philippines, and Guangdong and Hubei Provinces in China.²⁵¹</p>	<p><i>Supply chain information for this factory is not available.</i></p>
<p>According to an official notice, in late 2019, Mongolküre county held a 'job fair' to organise labor transfers. Avary Holding Co. Ltd was among the participating companies.²⁵²</p> <p>In the first half of 2019, 111 people were transferred from Nilka county, Xinjiang, to Huaian, Jiangsu, to work at Avary Holding Co. Ltd.²⁵³</p>	<p>Avary Holding Co. Ltd (淮安鹏鼎控股股份有限公司) produces printed circuit boards used in consumer electronics and automotive electronics.²⁵⁴</p>	<p><i>Supply chain information for this factory is not available.</i></p>

Transfers of Uyghurs out of Xinjiang	Chinese factories involved	International brands supplied by factory
In March 2019, 236 workers were transferred from Nilka county, Xinjiang, to work at Tanyuan Technology Co. Ltd in Wujin, Jiangsu. ²⁵⁵	Tanyuan Technology Co. Ltd (碳元科技股份有限公司) manufactures heat dissipation and backplane solutions that are used in consumer electronics. ²⁵⁶	<i>Supply chain information for this factory is not available.</i>
According to a 2019 local media report, Uyghurs were transferred from Makit county, Xinjiang, to work at Good-Ark Electronics Co. Ltd , a factory in Jinan, Shandong. ²⁵⁷ In early 2017, Good-Ark , alongside four other factories, signed agreements with Makit county to employ a total of 500 Uyghur workers. The agreement was signed prior to a three-month-long detention and political indoctrination program - to ensure '100% employment rate' for the 'trained' Uyghurs. ²⁵⁸	Good-Ark Electronics Co. Ltd (固得电子股份有限公司) manufactures diodes, rectifiers, and semiconductors. ²⁵⁹	<i>Supply chain information for this factory is not available.</i>
In early 2017, Qingdao Gaochang Electronic Co. Ltd , alongside four other factories, signed agreements with Makit county to employ a total of 500 Uyghur workers. The agreement was signed prior to a three-month-long detention and political indoctrination program - to ensure '100% employment rate' for the 'trained' Uyghurs. ²⁶⁰	Qingdao Gaochang Electronic Co. Ltd (青岛高广电子有限公司) manufactures home appliances like gas stoves. ²⁶¹	<i>Supply chain information for this factory is not available.</i>

Table 2: Labour transfer schemes within Xinjiang under ‘Xinjiang Aid’

Labour transfer schemes within Xinjiang under ‘Xinjiang Aid’	Chinese factories involved	International brands supplied by factory
<p>Shandong Ruyi Technology Group Co. Ltd went into Xinjiang as early as 2010.²⁶²</p> <p>By November 2019, Ruyi had reportedly employed 2,000 Uyghur workers across three counties in Xinjiang.²⁶³</p>	<p>Shandong Ruyi Technology Group Co. Ltd (山东如意毛纺服装集团股份有限公司) is a Chinese luxury clothing company.²⁶⁴ The company owns a number of factories in Xinjiang, including Shihezi Ruyi Textile Co. Ltd (石河子如意纺织有限公司) and Shule Ruyi Textile Co. Ltd (疏勒如意科技纺织有限公司).²⁶⁵</p>	<p>Ruyi’s subsidiaries include several international luxury brands, such as Acquascutum, Bally, Renown and SMCP (which owns Sandro, Maje and Claude Pierlot).²⁶⁶</p> <p>Ruyi also owns the LYCRA fibre company.²⁶⁷</p>
<p>In November 2019, a satellite factory of Shandong Zoucheng Guosheng (clothing company) claimed to have brought over 3,500 jobs to Xinjiang.²⁶⁸ A government report said that this was set to be the biggest Xinjiang Aid project in Kashgar Prefecture.</p>	<p>Shandong Zoucheng Guosheng (山东邹城国盛) is a factory owned by Jiangsu Guotai Guosheng Co. Ltd (江苏国泰国盛实业有限公司),²⁶⁹ a company that produces clothing and textiles. It’s under the Jiangsu Guotai International Group (江苏国泰国际集团).</p>	<p>According to a US-based international textiles business platform, Jiangsu Guotai Guosheng supplies a large number of brands, including Abercrombie & Fitch, American Eagle, Anthropologie, Calvin Klein, Costco, Diesel, DKNY, Dress Barn, Free People, Guess, Hollister, JCPenney, Kohl’s, Levi’s, Macy’s, Polo Ralph Lauren, Target, Tommy Hilfiger, Urban Outfitters, Walmart and ZARA.²⁷⁰ Abercrombie & Fitch said it ‘does not believe’ it uses this factory.</p>
<p>A 2019 state media report said that Shandong company, Jianhua Zhongxing Glove Co. Ltd, had 20 satellite factories in Xinjiang and had ‘trained’ some 2,000 local workers.²⁷¹</p>	<p>Shandong Jianhua Zhongxing Glove Co. Ltd (山东建华中兴手套股份有限公司) manufactures various winter activity gloves.²⁷²</p>	<p>Zhongxing Glove’s website says its products have been exported all over the world, including to the US, Canada, the EU, Japan, and Russia. The company mainly produces under the brand KINEED.²⁷³</p>

Labour transfer schemes within Xinjiang under 'Xinjiang Aid'	Chinese factories involved	International brands supplied by factory
<p>In 2019, Shanghai's Xinjiang Aid efforts include having Yecheng Xiaoxiang Textile Co. provide 'vocational training' to some 100 women for 45 days.²⁷⁴ The training was reportedly to change the women's thoughts.²⁷⁵ It was also reported that the company planned to 'train' 2,000 more rural labourers.²⁷⁶</p>	<p>Yecheng county Xiaoxiang Textile Co. Ltd (叶城县潇湘纺织有限公司), established by Shanghai Aid efforts, manufactures cotton clothing; sleepwear; school, work or nurse uniforms; and beachwear.²⁷⁷</p>	<p>Xiaoxiang Textiles uses the platform Alibaba to receive orders from North American, European and Middle Eastern high-end clothing brands.²⁷⁸</p> <p>In 2019, it received orders for more than 1 million garments,²⁷⁹ including orders from Guangdong, Langfang and overseas. 572,000 orders were from the US, primarily for nurse uniforms, surgical gowns and other hospital attire.</p>
<p>In May 2017, Qingdao Jifa Huajin Garment Co. Ltd announced the opening of its industrial park in Shule county, Xinjiang.²⁸⁰ In May 2018, it was reported that Qingdao Jifa was 'training' employees at the industrial park and set to employ 1,000 Xinjiang workers.²⁸¹</p>	<p>Qingdao Jifa Huajin Garment Co. Ltd (青岛即发华锦服装有限公司), part of the Qingdao Jifa Group (青岛即发集团), manufactures business shirts and other apparel.</p>	<p>According to its website,²⁸² Qingdao Jifa works with Abercrombie & Fitch, Adidas, Decathlon, Nike and Uniqlo. A profile of Jifa CEOs in local media said the company also works with Carrefour, Gap and Walmart.²⁸³ Abercrombie & Fitch told ASPI it 'does not believe' it sources from this factory.</p>
<p>According to an official notice, in late 2019, Mongolküre county held a 'job fair' to organise labour transfers. Changji Esquel Textile Co. Ltd was among the participating companies.²⁸⁴</p> <p>Esquel set up three spinning mills in Xinjiang to be close to the region's cotton fields. In May 2019, Esquel's CEO told the <i>Wall Street Journal</i> that in 2017, officials began offering the company Uyghur workers from southern Xinjiang and Esquel took 34 in total in 2 years.²⁸⁵</p>	<p>Changji Esquel Textile Co. Ltd (溢达纺织有限公司) manufactures textiles and apparel. It owns a number of factories and subsidiaries in Xinjiang.²⁸⁶</p>	<p>Customers listed on Esquel's website include Amazon, Apple, Banana Republic, Brooks Brothers, Calvin Klein, Charles Tyrwhitt, Fila, Giordano, Hazzys, Hugo Boss, J. Crew, Jack & Jones, Jos. A. Bank, Lacoste, Land's End, Li-Ning, Muji, Nautica, Nike, Patagonia, Ralph Lauren, Shimamura and Tommy Hilfiger.²⁸⁷ Esquel denies ever using forced labor, and says its Uyghur employees are 'paid and respected for their work the same as any other Esquel employee'.</p>

Acronyms and abbreviations

ASPI	Australian Strategic Policy Institute
BOE	BOE Technology Group Co. Ltd
CCP	Chinese Communist Party
Foxconn	Foxconn Technology
Fuying	Fuying Photoelectric Co. Ltd
Highbroad	Hefei Highbroad Advanced Material Co. Ltd
Hubei Yihong	Hubei Yihong Precision Manufacturing Co. Ltd
HYP	Haoyuanpeng Clothing Manufacturing Co. Ltd
ILO	International Labour Organization
NGO	Non-governmental organisation
O-Film	O-Film Technology Co. Ltd
Taekwang	Qingdao Taekwang Shoes Co. Ltd; Taekwang Group

Notes

- 1 The Chinese government's 're-education' policies have mainly targeted the Uyghurs but also other Turkic speaking Muslim minorities such as the Kazakhs, Uzbeks, Tartars, Tajiks, Kyrgyz and Hui. This report refers to them collectively as 'Uyghurs' or 'ethnic minorities' for brevity.
- 2 'Detention camps' and 're-education camps' are used interchangeably in this paper.
- 3 'Xinjiang Aid, to the hearts of the masses' (对口援疆·做到群众心坎上), Anhui Guoyuan Financial Holdings Group Co. Ltd (安徽国元金融控股集团有限责任公司), 26 July 2018, [online](#); 'Hotan migrant workers find employment in Jiangxi Nanchang's high-tech enterprises' (和田外出务工人员江西企业就业掠影), Hotan People's government (和田市人民政府), 8 April 2019, [online](#).
- 4 Yu Mingtong (于明彤), 'Guangdong industry Xinjiang Aid: Helping Kashgar ethnic women find employment' (广东产业援疆 助力喀什少数民族妇女就业), *International Online* (国际在线), 9 November 2018, [online](#); 'Xinjiang Aid', to the hearts of the masses' (对口援疆·做到群众心坎上), Anhui Guoyuan Financial Holdings Group Co. Ltd (安徽国元金融控股集团有限责任公司), 26 July 2018, [online](#).
- 5 'Nilka, Xinjiang: Multiple measures to explore for improving model of organised rural labour transfer employment outside of Xinjiang' (新疆尼勒克: 多措并举探索提升农村劳动力疆外有组织转移就业新模式), *Xinjiang Public Employment Net* (新疆公共就业服务网), 25 June 2019, [online](#).
- 6 *Guidelines for Guangdong enterprises to hire Xinjiang workers (trial)* (广东企业招用新疆籍劳动者指引(试用)), Guangdong Employment Service Administration (广东省就业服务管理局), 18 January 2019, [online](#). For additional details on the security measures and government minders, see section 'Forced Uyghur Labour'.
- 7 Rick Noack, 'In a first, 22 nations condemned China's repression of Uigher Muslims. Without the US', *The Washington Post*, 12 July 2019, [online](#).
- 8 See the United State's *Tariff Act of 1930*, [online](#), and Australia's *Modern Slavery Act 2018*, [online](#).
- 9 *Protocol of 2014 to the Forced Labour Convention, 1930*, [online](#).
- 10 Adrian Zenz, 'Brainwashing, police guards, and coercive internment: evidence from Chinese government documents about the nature and extent of Xinjiang's "vocational training internment camps"', *Journal of Political Risk*, July 2019, 7(7), [online](#); Fergus Ryan, Danielle Cave and Nathan Ruser, *Mapping Xinjiang's 're-education' camps*, ASPI, Canberra, 1 November 2018, [online](#).
- 11 James Leibold, 'Despite China's denials, its treatment of the Uyghurs should be called what it is: cultural genocide', *The Conversation*, 24 July 2019, [online](#).
- 12 Rob Schmitz, 'Ex-detainee describes torturer in China's Xinjiang re-education camp', *NPR*, 13 November 2018, [online](#).
- 13 Mu Xuequan, 'China Focus: Xinjiang determined in counter-terrorism, deradicalization, maintaining development', *Xinhua Net*, 10 December 2019, [online](#).
- 14 'Trainees in Xinjiang education, training program have all graduated', *Xinhua*, 9 December 2019, [online](#).
- 15 In 2019, investigations conducted by the Australian Broadcasting Corporation and ASPI's International Cyber Policy Centre revealed that Australian companies Cotton On and Target were at risk of using forced labour in their supply chains. Sophie McNeill, Jeanavive McGregor, Meredith Griffiths, Michael Walsh, Echo Hui, Bang Xiao, 'Cotton On and Target investigate suppliers after forced labour of Uyghurs exposed in China's Xinjiang', *Four Corners, ABC News*, 17 July 2019, [online](#); Nathan Ruser, 'What satellite imagery reveals about Xinjiang's 're-education' camps and coerced labour', *The Strategist*, 16 July 2019, [online](#); Adrian Zenz, 'Xinjiang's new slavery', *Foreign Policy*, 11 December 2019, [online](#); Amy Lehr and Mariefaye Bechrakis, 'Connecting the Dots in Xinjiang: Forced Labour, Forced Assimilation and Western Supply Chains,' *A Report of the CSIS Human Rights Initiative*, Center for Strategic and International Studies, October 2019, [online](#).
- 16 Steve Hess, 'Dividing and conquering the shop floor: Uyghur labour export and labour segmentation in China's industrial east', *Central Asian Survey*, December 2009, 28(4), 404, [online](#).
- 17 The appendix lists all Chinese and global brands implicated, as well as the cities and provinces in China where the factories are known to be using Uyghur labour.
- 18 This estimate is based on data collected from Chinese state media and official government notices.
- 19 'Xinjiang Human Resources and Social Security Department: Strengthening labour cooperation in the region to promote long-term stable employment' (新疆维吾尔自治区人力资源和社会保障厅: 强化区内劳务协作促进长期稳定就业), Ministry of Human Resources and Social Security, People's Republic of China (中华人民共和国人力资源和社会保障部), 11 January 2019, [online](#).

- 20 Chris Buckley and Austin Ramzy, 'Inside China's push to turn Muslim minorities into an army of workers', *New York Times*, 30 December 2019, [online](#).
- 21 *Interim measures for the management of the Xinjiang Uyghur Autonomous Region's rural surplus labour forces to transfer employment to reward funds* (新疆维吾尔自治区农村富余劳动力转移就业以奖代补资金管理暂行办法), [online](#).
- 22 Bill Birtles, 'China defends "vocational training centres" amid international pressure over mass Uighur detentions', *ABC News*, 17 October 2018, [online](#).
- 23 *Work report of the People's government of Moyu county in 2019* (2019年墨玉县人民政府工作报告), Moyu county government Network (墨玉县政府网), 12 November 2019, [online](#).
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- 27 Darren Byler, 'How companies profit from forced labour in Xinjiang', *supchina*, 4 September 2019, [online](#); Ye Ling, 'Released from Camps, Uyghurs Subjected to Forced Labor', *Bitter Winter*, 23 December 2019, [online](#).
- 28 Zhu Yongfeng (朱勇峰), 'The first batch of 50 workers from Nilka county goes to Jiangsu KTK Group' (尼勒克县首批50名赴江苏今创集团务工), *China Labour and Social Security News* (中国劳动保障新闻网), 15 May 2019, [online](#).
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- 30 Simaier Human Resources (斯麦尔人力), 'Important notice' (重要通知), *Labour Dispatch Forum* (劳务派遣吧), *Baidu*, 27 October 2019, [online](#); '1,000 minorities, awaiting online booking' (1000少数民族·在线等预约), *Baidu HR Forum* (百度 HR吧), 27 November 2019, [online](#).
- 31 'Strengthening patriotism education and building a bridge of national unity' (加强爱国主义教育搭建民族团结连心桥), *China Ethnic Religion Net* (中国民族宗教网), 7 November 2019, [online](#).
- 32 Nilka, Xinjiang: Multiple measures to explore for improving model of organised rural labour transfer employment outside of Xinjiang' (新疆尼勒克: 多措并举探索提升农村劳动力疆外有组织转移就业新模式), *Xinjiang Public Employment Net* (新疆公共就业服务网), 25 June 2019, [online](#).
- 33 *Xinjiang Autonomous Region Human Resources and Social Security Department: Strengthening labour cooperation in the region to promote long-term stable employment* (新疆自治区人力资源和社会保障厅: 强化区内劳务协作 促进长期稳定就业), Ministry of Human Resources and Social Security, People's Republic of China (中华人民共和国人力资源和社会保障部), 11 January 2019, [online](#); 'Guidelines for Guangdong Enterprises to hire Xinjiang Workers (Trial)' (广东企业招用新疆籍劳动者指引(试用)), Guangdong Employment Service Administration (广东省就业服务管理局), 18 January 2019, [online](#).
- 34 'To change a family's destiny, these rural women workers from Xinjiang came to Qingdao. What did they experience?' (伟改变家庭命运 这些新疆农村女工来到青岛 她们经历了什么?), *CCTV News Public Account* (央视新闻公众号) *Sina Finance* (新浪财经), 21 September 2016, [online](#).
- 35 According to a report by CSIS, the Chinese government permits factories to pay Uyghur workers in Xinjiang significantly lower than minimum wage. In some instances they're not paid at all. Amy K. Lehr & Mariefaye Bechrakis, 'Connecting the Dots in Xinjiang: Forced Labor, Forced Assimilation, and Western Supply Chains', *A Report of the CSIS Human Rights Initiative*, 16 October 2019, [online](#).
- 36 Cao Siqi, 'Vocational centers in Xinjiang will disappear when society no longer needs them: official', *Global Times*, 12 March 2019, [online](#).
- 37 'Hotan Prefecture's innovative mechanism promotes labour transfer employment' (和田地区创新机制助推劳动力转移就业), *Xinhua News* (新华网), 23 May 2017, [online](#).

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- 39 A Chinese messaging app.
- 40 The language used in the Xinjiang Human Resources and Social Affairs Department document appears to be intentionally vague. The smartphone app used to record information about Uyghur workers is unnamed, and ASPI hasn't been able to find relevant information to identify the app.
- 41 'To change a family's destiny, these rural women workers from Xinjiang came to Qingdao. What did they experience?' (伟改变家庭命运 这些新疆农村女工来到青岛 她们经历了什么?), *CCTV News Public Account* (央视新闻公众号) *Sina Finance* (新浪财经), 21 September 2016, [online](#).
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- 44 Ye Ling, 'Released from Camps, Uyghurs Subjected to Forced Labor', *Bitter Winter*, 23 December 2019, [online](#).
- 45 Ye Ling, 'Released from Camps, Uyghurs Subjected to Forced Labor', *Bitter Winter*, 23 December 2019, [online](#).
- 46 Article 4 of the Chinese Constitution states: 'All nationalities in the People's Republic of China are equal. The state protects the lawful rights and interests of the minority nationalities and upholds and develops the relationship of equality, unity, and mutual assistance among all of China's nationalities. Discrimination against and oppression of any nationality are prohibited; any acts that undermine the unity of the nationalities or instigate their secession are prohibited. The state helps the areas inhabited by minority nationalities speed up their economic and cultural development in accordance with the peculiarities and needs of the different minority nationalities.' The National People's Congress of the People's Republic of China, *Constitution of the People's Republic of China*, 4 December 1982, [online](#).
- 47 'Strengthening patriotism education and building a bridge of national unity' (加强爱国主义教育搭建民族团结连心桥), *China Ethnic Religion Net* (中国民族宗教网), 7 Nov 2019, [online](#). According to state media, by the end of 2019, there were around 800 Uyghur workers at Taekwang. According to the Washington Post, by January 2020, there were 600 Uyghur workers there.
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- 49 'From here to a brand new life—Xinjiang Hotan, Kashgar Vocational Skills Education and Training Center' (从这里·走向崭新生活—新疆和田·喀什职业技能教育培训中心见闻), *Xinhua News* (新华网), 5 November 2018, [online](#).
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- 61 'The Party Committee of the Municipal Public Security Bureau organised a joint activity of the educational branch with the theme of 'Don't forget the original heart and keep the mission in mind' ((学习) 市公安局党委组织开展 '不忘初心、牢记使命' 主题教育支部联建活动), *Laixi News* (莱西新闻), *WeChat*, [online](#).
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- 63 'Outstanding humanistic care, strengthening employment security; Qingdao's Laixi county steadily carrying out service management work for Xinjiang ethnic minorities' (突出人文关怀 强化就业保障 青岛莱西市扎实开展新疆籍少数民族人员服务管理工作), Qingdao Ethnicity and Religion Bureau (青岛市民族宗教局), 19 April 2017, [online](#).
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- 68 Alexander Chipman Koty, Qian Zhou, 'A guide to minimum wages in China', *China Briefing*, 2 January 2020, [online](#).
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- 77 James Leibold, 'The spectre of insecurity: the CCP's mass internment strategy in Xinjiang', *China Leadership Monitor*, 59 (Spring 2019), [online](#).
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- 99 ‘Interim measures for the management of Xinjiang’s Uyghur Autonomous Region’s rural surplus labour forces to transfer employment to reward funds’ (新疆维吾尔自治区农村富余劳动力转移就业以奖代补资金管理暂行办法), [online](#).
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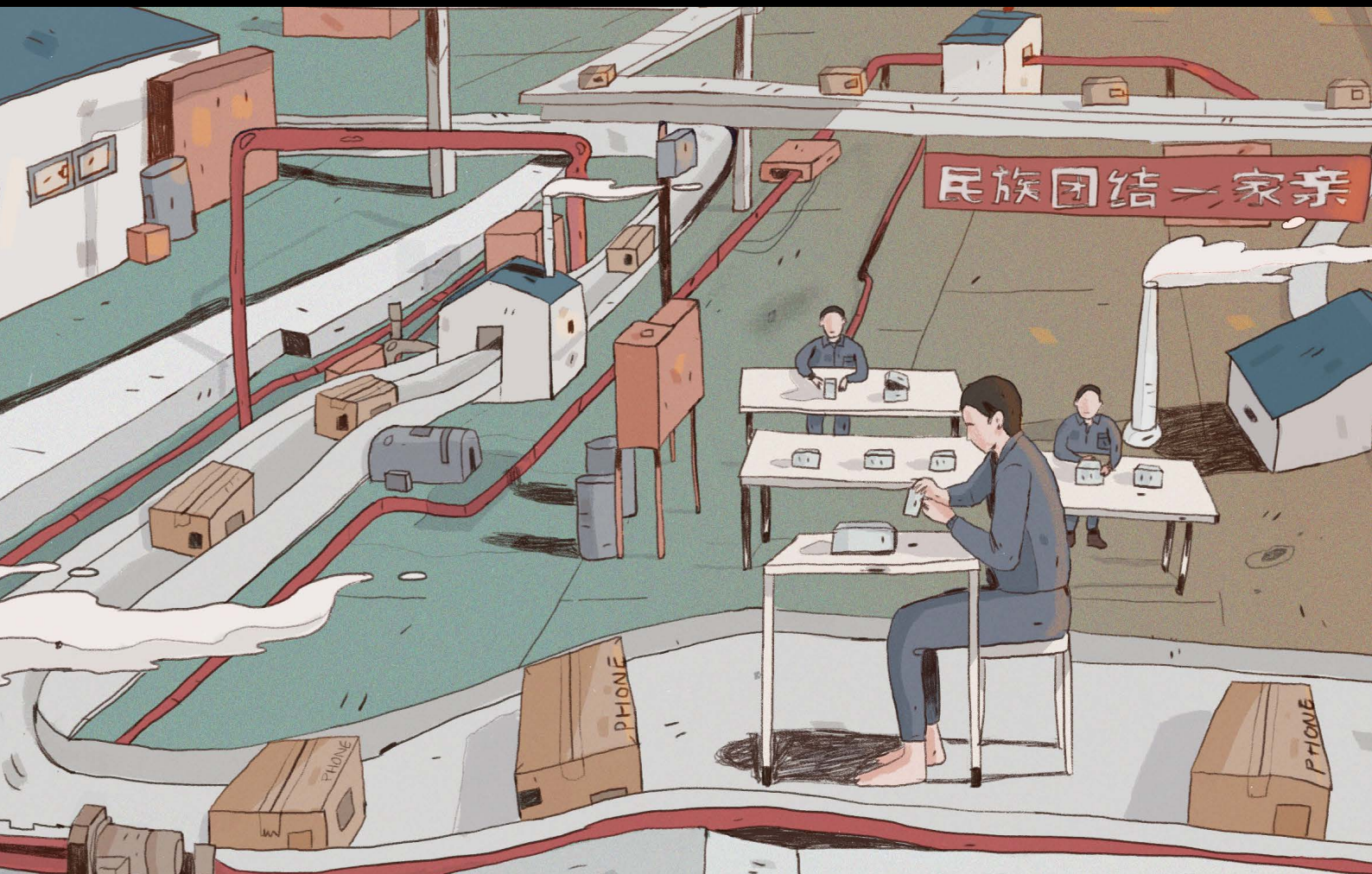


Exhibit B

Trump Blacklisted This Chinese Company. Now It's Making Coronavirus Masks for U.S. Hospitals.

APRIL 11, 2020

WASHINGTON — With nurses and doctors desperate for respirator masks during the coronavirus outbreak, the Food and Drug Administration rolled out an emergency approval process for China-based suppliers last week, aiming to let quality products in and keep fraudulent ones out.

But the first company the FDA approved has been [prohibited by law](#) from bidding for some federal contracts in the United States. Although the company, BYD, is a major global player in the electric vehicle and lithium battery markets, it also has glaring red flags on its record, experts warn, including a history of supplying allegedly faulty products to the U.S., ties to the Chinese military and Communist Party, and possible links to forced labor.

BYD also has no history of making personal protective equipment, and yet days after the FDA approval, it secured a \$1 billion deal to supply masks to California.

The findings by VICE News cast major doubt on the ability of federal and state governments to police the rapidly growing and chaotic Chinese market for respirators at a critical moment when masks are in short supply because U.S. manufacturers have been unable to meet demand.

Until two months ago, a BYD subsidiary, BYD Precision Manufacture Company Ltd., specialized in making electronic components, including [hardware for Apple's iPhones](#). Responding to a global shortage of personal protective equipment, BYD — an acronym for Build Your Dreams — repurposed its facility in Shenzhen into the [world's largest mask manufacturing](#) plant last month.

The BYD offshoot, which is owned by a holding company incorporated in the British Virgin Islands, registered with the Chinese government on February 7 to begin “production and sales of medical equipment and industrial protective equipment,” according to Chinese corporate records.

On April 3, the same day the FDA announced its emergency authorization, the agency gave the BYD subsidiary the first-ever approval to import KN95 masks to the United States for use in healthcare settings. KN95s are the Chinese equivalent to the N95, the most trusted safeguard against contracting the coronavirus through breathing. But until now the FDA had refused to approve them because of quality concerns.

Experts who've kept an eye on BYD for years warn that customers and the federal government should beware. Rep. John Garamendi, a California Democrat, helped draft legislation late last year that bans federal funds from being used to buy BYD electric buses effective immediately in Washington, D.C., and starting in 2022 for the rest of the country. President Donald Trump [signed the ban into law](#) in December as part of a defense authorization bill.

BYD has blasted the ban [as lawmakers pandering](#) to “a special interest misinformation campaign to squash competition in the electric bus sector.”

Garamendi wasn't aware BYD had been granted special FDA approval to import masks until VICE News told him during an interview on Thursday.

“They may very well flood the market with substandard devices.”

“What the hell? What is our government doing?” he said. “They may very well flood the market with substandard devices and people will be relying on them as though they are of satisfactory quality, and that is bizarre.”

This week, California Gov. Gavin Newsom announced a \$1 billion deal to contract with BYD North America to deliver 150 million respirator masks and another 50 million surgical masks per month to the state, calling it a “[big bold bet](#).” The company's U.S.-based subsidiary has a factory in Lancaster, California, where electric buses are assembled with parts manufactured in the U.S. and China, and where BYD has [already donated thousands](#) of masks to a local hospital.

In an appearance [Wednesday on Rachel Maddow's MSNBC show](#), Newsom didn't mention BYD by name, but he described the company as “a manufacturer here in the state of California.” He then clarified under questioning that the masks will “be manufactured overseas” by “a large manufacturer with appropriate contacts in Asia.” Newsom has said he may want to act as a supplier for other Western states.

State lawmakers are [already probing the deal](#). The chair of the state Senate budget committee sent [a letter](#) to the Newsom administration on Thursday

questioning the cost and whether the masks will meet FDA standards.

Newsom said “the vast majority” of the masks will be of the N95 variety, but it’s unclear whether BYD will supply that type of respirator, or its own KN95s. Soon after the FDA cleared the way for imports of KN95s, California also relaxed its standards, noting KN95 masks “may be an acceptable alternative” due to the supply shortage, the [state's Department of Health records show](#).

Brian Ferguson, a spokesperson for the Governor’s Office of Emergency Services, declined to answer whether the state’s BYD masks will be N95s or KN95s, whether the FDA’s emergency authorization had anything to do with the state’s decision to contract with BYD, or whether the governor was aware of the company’s track record.

Flawed products

But BYD has previously been accused of delivering shoddy products to American taxpayers, including Californians. The city of Los Angeles contracted with BYD for \$330 million worth of battery-powered buses, forklifts, and trucks, but a 2018 [investigation by the Los Angeles Times](#) found that the buses stalled on hills and were plagued by mechanical problems. Despite the issues, the Times found BYD kept getting government contracts because its “business model involves hiring lobbyists and grant writers to secure no-bid purchases by public agencies.” In February, Los Angeles [ordered 134 more BYD buses](#).

BYD executives said at the time that the company received overwhelmingly positive feedback about its buses from transit districts, and suggested critics were overstating problems with the company's technology. "If you want to find the problem for the new technology, you always can try to," Stella Li, president of U.S.-based BYD Motors Inc., told the Los Angeles Times. "If you want success, everything is positive."

In January 2019, the city of Albuquerque sued BYD after sending back a fleet of more than a dozen 60-foot electric buses that were [allegedly riddled with defects](#), including brakes that didn't work and parts that were cracked, rusted or improperly installed. The city claimed the BYD buses, which cost \$133 million, "were not safe," citing issues such as "rear doors opening while the buses were in motion" and batteries that could go up in flames "with little possibility of putting out the fire." The [lawsuit was settled last May with an agreement](#) that BYD wouldn't compensate the city, admit fault, or counter-sue.

Scott Boos, an executive at the nonprofit Alliance for American Manufacturing, told VICE News "if their masks are anything like their transit buses," it won't be a good situation for people in the U.S. who need protection against the coronavirus.

"There's no doubt that we should do whatever it takes right now to save lives in this moment," Boos said. "But as we get beyond this crisis, we shouldn't rely on these folks for essential needs. It's just a bad idea."

Requests for comment sent to two U.S.-based BYD spokespeople and a U.S.-based lawyer who represents BYD Precision Manufacture were not

returned. Messages left with a Hong Kong-based PR firm and a company representative in Europe were also unreturned.

Analysts who study Chinese companies found several red flags with BYD's owners and the company's subsidiaries that may give consumers pause.

Do you have information about BYD or the U.S. PPE supply chain? We'd love to hear from you. Contact the writers at daniel.newhauser@vice.com or keegan.hamilton@vice.com.

Corporate records show that BYD Precision Manufacture's parent company, BYD Company Ltd., has previously been hit with "administrative penalties" in China. Specifically, Shanghai BYD Co., Ltd., a separate subsidiary that makes batteries, was fined for "medical treatment activities" and "clinical activities" not covered by their formal business registrations in 2018.

BYD's two main shareholders, Chairman Wang Chuanfu and Vice-Chairman Lu Xiangyang, are cousins and [both billionaires among the richest individuals in China](#), owing to their holdings in BYD, according to Forbes.

Logan Pauley, a China analyst at the Center for Advanced Defense Studies, found both men "have significant risks associated with them, including multiple court cases and contract disputes." Wang has served as the legal representative for companies that have been the subject of multiple labor disputes, contract disputes, and patent disputes.

None of that has stopped major international investors from placing bets on the company. Warren Buffett's Berkshire Hathaway bought 25% of the

automaker's Hong Kong-traded stock in 2008, and Buffett remains a major player in the company. In November, BYD announced a partnership with Toyota to develop a new line of battery-powered vehicles and is in talks with Audi to outfit their new line of cars with lithium-ion batteries. The Scottish city of [Glasgow has a fleet of BYD buses](#) on its streets as of last year.

Human-rights red flags

BYD's international business has thrived despite troubling allegations of connections to Uighur forced labor in Xinjiang province, where the Chinese government has brutally cracked down on ethnic Uighurs, placing hundreds of thousands of people from the Muslim minority group into "re-education camps." According to [VICE News' reporting last year](#), placement in a factory is sometimes the last step in China's "re-education" process for Uighurs.

A report published last month by the Australian Strategic Policy Institute estimated that [more than 80,000](#) Uighurs have been transferred out of Xinjiang to work in factories across China over the past two years, including some who were "sent directly from detention camps." BYD was one of 83 companies identified in the report as using forced Uighur labor in its supply chain, alongside major international brands such as Apple, Nike, and General Motors.

BYD has also been [fined for paying Chinese workers](#) below minimum wage to assemble buses in its California plant. BYD has [denied allegations of labor abuses](#), saying its Chinese workers in the U.S. were paid "the equivalent \$2,200 a month, or about \$13.75 an hour, and received free

housing.” The company has [rehabilitated its reputation](#) in the state and has been called a “model employer” by labor advocates.

Sen. Marco Rubio (R-Fla.) and Rep. Jim McGovern (D-Mass.) introduced legislation last month that would, among other provisions, make corporations importing goods from Xinjiang prove no forced labor was used in the supply chain.

“Any U.S. or international company with operations in Xinjiang or working with the Xinjiang government to source labor to other parts of China should reconsider whether they want to be producing products in a region where there is evidence ‘crimes against humanity’ are being committed,” McGovern said in a statement at the time.

Pauley, of the Center for Advanced Defense Studies, found that Chinese corporate registry information links Lu to at least three companies with operations in Xinjiang. For instance, BYD filings identify [Lu as a director](#) of Xinjiang Tianhai Tenghui Technology Holding Co., Ltd., a company that has been designated by Chinese courts as “in serious violation of the law,” a blanket designation that suggests it has been reprimanded for abnormal business practices several times. The records show Lu is a major investor in the business, which makes chemical fertilizers. The company could not be reached for comment.

“The FDA didn't vet these companies and allowed ones with, at minimum, considerable existing financial and supply chain risks, and, that at maximum, have contributed to things that could be considered human

rights violations,” Pauley said. “It’s crazy to me that BYD was approved given how much is on their record.”

Other [Xinjiang tech firms have been sanctioned](#) by the U.S. for alleged human rights abuses, but neither BYD nor Lu’s separate Xinjiang based companies are among them. Still, Louisa Greve, director of global advocacy at the Uyghur Human Rights Project, told VICE News that the FDA and other federal agencies should have known about BYD’s connection to Xinjiang and the alleged use of forced labor.

“These companies have a major role to play in constructing this total control state in Xinjiang,” Greve said. “The U.S. government knows that.”

A U.S. government analyst not authorized to speak publicly about the situation said it’s possible that even if BYD’s mask factory is outside of Xinjiang, it could be using Uighur labor because workers are shipped across the country to areas with high demand for labor. The analyst also warned it would be difficult for U.S. agencies to conduct inspections to verify humane working conditions and ensure quality control.

“I’m not sure how much of a test they’ll be able to conduct,” the analyst said. “They certainly don’t have the resources to inspect every shipment and they have a difficult time accessing and inspecting facilities in China.”

The analyst cautioned that it’s difficult to say for certain how much control Lu wields over operations in Xinjiang or elsewhere.

“Chinese conglomerates really thrive on having tangled ownership,” the analyst said. “It’s hard to say who has the power behind the throne. This

guy's ownership is significant.”

Pivot to masks

BYD's abrupt switch in business model is not unusual. Thousands of Chinese companies have repurposed their factories to make masks and other types of personal protective equipment for health workers in recent months. China's Ministry of Industry and Information Technology [reported in February](#) that the country had capacity to make more than 20 million masks per day.

BYD's new facility alone was producing 5 million masks per day as of last month, [according to the company](#), and may be producing as many as [15 million per day this month](#). BYD masks are being distributed in [Italy](#), [Japan](#), and elsewhere. By contrast, [3M produces N95s in the U.S.](#) at a rate of 35 million per month, well short of the demand.

Ensuring that the Chinese-made masks meet American quality standards has proved challenging for the U.S. and Chinese governments. VICE News previously reported that illicit [drug traffickers have edged into the marketplace](#), using black market supply chains to source materials and offering fake FDA certifications to interested buyers. Many [hospitals have been hesitant](#) to buy this kind of mask, even as their healthcare workers fall ill or die because of the lack of protection.

China tightened controls over its mask exports last month after the Netherlands and other European countries sent back shipments of faulty masks. In response to a critical shortage in the U.S., the FDA created a

special process to give approval to masks not usually certified by the U.S. government for use in healthcare settings. The day the policy was announced, the agency released a list of products and manufacturers that met its standards, a process that includes providing independent evidence the respirator is authentic and functional.

BYD was the first Chinese company to get FDA approval in part due to the efforts of Hanqiang Wang, a San Diego-based regulatory fixer BYD hired to push their application through the red tape.

Reached by VICE News, Wang said he charged the company about \$20,000 to navigate the FDA's new process, \$5,200 of which went toward FDA registration fees. Wang said the process was helped along because BYD also employs its own stable of lawyers and lobbyists, who have for years advocated on the company's behalf on legislative and regulatory issues relating to their other business interests.

“Their primary business is not for medical devices, not for healthcare products. They have opened a new business for this industry, so I think that's what made them find us,” Wang said. “We just provided the guidance to BYD and asked them to prepare the documents, because they need a lot of tests for their product performed from third-party labs.”

BYD has been the most heavily government-subsidized Chinese company in the electric vehicle industry, with more than half of its 2018 profits coming from Chinese government subsidies, according to an analysis by the U.S.-based research organization Radarlock. BYD also has large contracts with the People's Liberation Army, and the Guangzhou Municipal People's

Government owns a significant stake in one BYD auto subsidiary. That's led U.S lawmakers to believe BYD is controlled by the government, and the ban on using federal dollars on BYD vehicles stems from fears the company can outbid American rivals and that China uses corporate partners to spy on Americans.

"We believe BYD is controlled by the Chinese government and quite probably by the People's Liberation Army," Rep. Garamendi said.

"Transportation equipment is now very sophisticated, using artificial intelligence and other integrated technologies that rely on communication technology. That technology is available to the Chinese government. That information is available to the Chinese government."

BYD has in the past responded to these allegations by arguing that it is not state-owned, that it is publicly traded, and part-owned by Buffett.

"No one has pointed to any evidence of any wrongdoing by BYD," a company representative told Marketplace last year. "Obviously there's bigger issues going on between China and the U.S., but BYD has come to this country and followed all the rules of the road."

BYD markets its masks at \$4 each, more than double what they sell for in China and more than what unauthorized KN95s go for on the American market. The Chinese government recently cut back on subsidies for electric vehicles, and sales of electric car batteries slumped by 66% since last year with BYD's profits plunging more than 90% in the second half of 2019. The pivot to masks appears to be a shrewd business move, but perhaps also an effort by Beijing to build economic goodwill with the Trump

administration, said Nate Picarsic, co-founder of Horizon Advisory, a firm that analyzes the relationship between Chinese government and industry.

“It's not a coincidence that actor that's taken a little bit of a beating in the U.S. is one of the ones that's positioned as a part of this epidemic relief effort,” said Picarsic, who also co-authored the Radarlock research paper on BYD. “The Chinese strategic logic is that some of these state champions can benefit from the PR of contributing through epidemic relief and after the crisis be in a position to sort of cash in that goodwill.”

Hua Chunying, a spokesperson for China's Foreign Ministry, [denied in a tweet](#) that China practices “mask propaganda,” insisting that the respirator shipments are acts of good will. On Friday, the country further tightened export controls, announcing that masks must undergo customs inspections before leaving factories for overseas destinations. Sellers now need licenses to export medical products. The policies give Beijing even more say over which masks make it out of the country.

The FDA declined to provide the materials BYD submitted to prove the legitimacy of its KN95 masks, but an agency spokesperson said “BYD's submission included information demonstrating that the respirator meets the criteria for authorization.”

The submissions have to be done remotely, because like a lot of the country, the FDA is working from home. Inspections of foreign manufacturing facilities have been [postponed through April](#), the FDA spokesperson said, and “inspections outside the U.S. deemed mission-critical will be considered on a case-by-case basis as this outbreak continues to unfold.” The agency

added that it's using "a robust and multi-pronged approach to overseeing the safety and quality" of masks and other types of protective equipment.

"If we encounter substandard products or receive reports of substandard products, we can take steps to deny entry," the spokesperson said.

"Additionally, the FDA is stepping up enforcement at ports of entry, including International Mail Facilities, to ensure fraudulent products that originate outside the country do not enter through our borders."

Since granting BYD the first approval, the FDA has now green-lit more than a dozen other companies to import non-FDA approved masks for health care purposes, including a Taiwan-based manufacturer and another Chinese manufacturer that appears to be a long-established player in the respirator business. U.S. manufacturing giant 3M is also now allowed to import more types of masks. But others are puzzling choices, including one manufacturer an analyst described to VICE News as "some little rinky-dink company" that has virtually no presence online or in Chinese business records.

Some of those companies aren't on the Chinese government's list of manufacturers approved to export masks, raising questions about why the FDA would sanction them as importers. It's clear many new Chinese firms are popping up to meet demand and that they are repurposing existing facilities to quickly ramp up production faster than governments can keep track.

Peter Pitts, a former FDA associate commissioner, said the country is on a "wartime footing," so the FDA needs to be extra sure before it lends a stamp

of approval to masks, especially with the lives of doctors, nurses, healthcare workers, and millions of other Americans on the line.

“The first thing the FDA should do is be getting on the phone with their Chinese counterparts to work out some type of a way for the FDA to get people in there,” he said. “Desperate times call for desperate measures. The issue of counterfeit or substandard masks is very real. And those claims can't be trivialized. That being said, the FDA needs to go beyond where it currently is.”

Cover: Workers work on the assembly line at a factory of vehicle manufacturer BYD Auto in Xi'an, northwest China's Shaanxi Province, Feb. 25, 2020. (Photo: Xinhua/Liu Xiao via Getty Images)

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